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Report of the UNCTAD Public Symposium

Report on the fifth UNCTAD Public Symposium – A better world economic order for equality and sustainable development post-2015*

Introduction

1. In connection with the fiftieth anniversary of UNCTAD, the fifth UNCTAD Public Symposium, organized in cooperation with the United Nations Non-Governmental Liaison Service and other partners, took place in Geneva, Switzerland from 18 to 19 June 2014. Focusing on a better world economic order for equality and sustainable development beyond 2015, the Symposium explored how widening inequality posed a challenge to sustainable development.

2. Through a combination of high-level plenary sessions and a series of breakout sessions attended by member States, representatives of civil society and international organizations, and other stakeholders, the Symposium provided a platform for sharing views, advice, experiences and knowledge on the macroeconomic dimensions of inequality and for identifying best policy practices to tackle problems associated with growing inequality.

I. Plenary sessions

A. Opening

3. Mr. Triyono Wibowo, Ambassador and Permanent Representative of Indonesia to the United Nations and other international organizations in Geneva and President of the Trade and Development Board, opened the Symposium. He emphasized the need to analyse the root causes of inequality and find a solution to alleviate the suffering of young people in

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the rising tide of unemployment. Development must be shared by all and must not jeopardize the living standards of future generations. It was important to enshrine those principles in a transformative and sustainable development agenda and post-2015 sustainable development goals.

4. There was a need to work together to address development challenges and find a global response to sustainable development concerns. The wide range of participants representing trade unions, non-governmental organizations (NGOs), academia, parliamentarians, governmental and intergovernmental organizations and others offered a wealth of knowledge and ideas to draw upon.

B. Round table 1: Macroeconomic dimensions of inequality

5. The first plenary session was moderated by Ms. Deborah James, Director of International Programmes, Centre for Economic and Policy Research, United States. The panellists included Mr. Mukhisa Kituyi, Secretary-General of UNCTAD; Mr. Supachai Panitchpakdi, former Secretary-General of UNCTAD; Mr. Guy Ryder, Director-General, International Labour Organization; Ms. Claire Melamed, Head of Growth, Poverty and Inequality Programme, Overseas Development Institute; Mr. José Antonio Ocampo, Professor, Columbia University; Ms. Esther Busser, Deputy Director, International Trade Union Confederation; and Ms. Jayati Ghosh, Professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University.

6. The discussion focused on how growing income inequalities within and between countries translated into insufficient aggregate demand and increased reliance on unsustainable debt-driven consumption. At the same time, the boom-and-bust cycles that had plagued the global economy in recent decades and the asymmetric recessional measures applied to tackle global imbalances had worsened inequalities, led to mass unemployment and generated public protests against injustice worldwide. This segment of the Symposium examined these and other aspects of inequality related to trade, finance, investment and technology.

7. The world had undergone tremendous economic transformation fuelled by economic growth and technological advances over recent decades. These developments had transformed the way the countries, institutions and individuals interacted globally, which had also had an impact on the economic and societal landscapes. Many of these changes were brought about by development policies that promoted economic growth as a means of reducing poverty and inequality.

8. According to conventional wisdom, greater economic growth would translate into better living standards for all, and increased global prosperity would serve to "lift all the boats". However, higher rates of growth had been accompanied by rising levels of inequality. There was consensus among the participants that growing global inequality had become a major trend among countries (inter-country inequality) and within countries (intra-country inequality). Many countries had experienced a significant increase in inequality over the past few decades, and the gap between the richest and the poorest countries had widened considerably.

9. One panellist said that for the first time in history, intra-country inequality might be even higher than inter-country inequality, so that income distribution within countries explained about half of the difference in living standards of people around the world. Another panellist stressed that inequalities between countries not only remained historically significant but still accounted for the larger share of those differences, particularly when trends in China were examined separately.

10. Global wealth was increasingly concentrated in the hands of the few. Statistics showed that the top 1 per cent owned 20 per cent of total global wealth – the top 1 per cent had gained from globalization, while the bottom 5 per cent of the world population had not experienced economic growth. The problem was further exacerbated by big corporations putting profits before social welfare, employment and the environment.

11. Panellists called for UNCTAD to consider several issues. The first to be considered was the rules on investment. They were often investor friendly and had limited national policy spaces in dealing with negative social and environmental effects. The second issue was tax shifting. The 10 largest corporations the United States of America paid an average tax rate of 10 per cent, and some corporations either shifted taxes or paid no taxes at all, depriving governments of much-needed revenue. Participants encouraged UNCTAD to strengthen its work on debt-related issues, including proposals for an independent and fair sovereign debt crisis resolution mechanism, made all the more pressing by the recent wave of debt crises, now also affecting developed countries.

12. One of the main drivers of inequality was the increase in globalization of trade and the entry of China and India to the world economy, which had affected the global supply chain and inequality. However, empirical evidence showed that some developing countries in Latin America had been able to reduce inequality, while globalization and economic growth increased. Another cause of inequality lay in the reduced demand for labour brought about by technological advances, which put pressure on wages. On the other hand, technology could also generate employment and better welfare for workers. Yet these two reasons alone were not sufficient to explain the increase in inequality across the world.

13. An important cause of inequality in the institutional environment was the growing power of financial interests. Rising finance had coincided with the shrinking of the policy space for developing and developed countries alike. The globalization of finance had played a dramatic role in increasing the power of capital relative to labour. Conventions arising from the power of finance had led to deregulation and limited the role of the public sector. Governments had relinquished control over assets, not just financial but broader public assets, including taxable assets and natural resources. Governments were failing to play a redistributive role, and power was shifting away from communities to corporations. This anti-democratic trend was a common theme running throughout the discussion.

14. Some 1.2 billion people were still living in extreme poverty, and many children died from malnutrition before the age of five. Some panellists were of the view that inequality, growth and poverty were intertwined. It was not possible to discuss policies to end poverty without tackling the sources of inequality. To better inform government policies, it was important to understand the determinants of poverty and income inequality, including the roles of ethnicity, race, gender, geography, education and wealth of parents.

15. Citing household survey data, one panellist said that people who lived in extreme poverty generally belonged to ethnic minority groups, highlighting the importance of group-based inequality within countries for government policies. However, only some governments took measures to overcome structural inequality, while others did not. It appeared that some countries knew the least about those who were most in need.

16. Many participants shared the view that a high level of inequality was damaging for growth. There had been evidence that high inequality was associated with lower growth and aggregate demand, and that it contributed to slowing down global economic growth. Governments should not promote growth at the cost of equality since the combination of economic growth and structural equality appeared feasible.

17. When the role of institutions was ignored, the global and technological factors of production became automatic processes that devalued the role of policy altogether, under the false assumption that economies were entirely structured by markets. These were not

irremediable causes because many countries had reduced inequalities, despite globalization and increased technology; moreover, surpluses generated from production were usable for social priorities determined by social needs and political consensus.

18. Inclusive State policies and participation in the economy were conducive to strong political participation. Indeed, it was a fundamental right to participate in the economy and determine how participation in the economy was rewarded.

19. Institutions at the sectoral level had a strong influence on macroeconomic policies. Ministries of labour, for example, were often marginalized. Policies determined by other ministries where labour was not sufficiently represented, particularly finance ministries, had great impact on the labour force and participation in general.

20. Democratic ideals were vital not just at the country-level, but at the international level as well. Representatives of civil society expressed frustration at the limited space for its participation. In many international bodies, northern NGOs dominated the scene. They also expressed dismay at the undemocratic control of the media. Corporate control allowed only a minute space for public concerns associated with inequalities in economic and political participation. At the international level, the governance of the international trade and financial institutions was inadequate and only narrowly reflected the voice of developing countries.

21. Many participants stressed that problems of inequality all came down to policy choices. Policy discussions were increasingly dominated by corporate interests. The public discourse could benefit considerably from a greater presence of civil society, unions and the broader public. Government incentives, including tax breaks for large corporations and wealthy individuals, contributed to unequal outcomes. Tax reforms and redistributive polices should be adopted if progress were to be made towards reducing inequalities.

22. Policy space was a recurring topic in the debate. Restrictions on governments imposed by existing global macroeconomic structures that inhibited countries from acting included bilateral investment treaties and limitations placed on capital controls by the International Monetary Fund. Further, international rules in trade and investment agreements often restricted the ability of governments to implement policies in the public interest. Increasingly, governments had relinquished their control over their assets, losing a source of taxation.

23. Perhaps growing inequality was not surprising in light of the fact that markets were not designed to produce optimal outcomes for the greater good. Moreover, private interests were often prioritized or over-represented in the formulation of government regulations at the cost of the public good. Public interest needs should be placed at the top of the agenda to ensure countries achieved sustainable and equitable development. It was clear that economic and social structures were not functioning properly and that the current system was prone to crises where citizens remained unprotected. Citizens around the globe were still paying for the 2008 financial crisis. Financial institutions should be regulated in the public interest. Citizens remained unprotected from future crises, and public monies were likely, once again, to be used to protect the interests of the financial elite.

24. The importance of social structures and social protection was raised repeatedly in numerous contexts as an important component of the reduction of inequality. In particular, attention to universal health care, access to education, elimination of hunger and alleviation of youth employment were priority areas because they should be considered human rights to which all were entitled. Simply demanding the provision of social protection did not suffice, as countries needed the necessary fiscal space to deliver such services. Further, the growth of corporate power in decision-making had contributed to tax systems that had failed to play a redistributive role.

25. One of the drivers of increasing inequalities was associated with labour concerns. Wages had not kept up with productivity and growth. Growing inequalities could be attributed to restrictions on collective bargaining, the long-term secular decline in the wage share of income in favour of profits, conditions in the informal working sector and regressive taxation models. In addition, there were large asymmetries in bargaining power between large buyers and small producers.

26. Inequality should be addressed alongside human rights, peace, security and sustainability as a cornerstone of the post-2015 agenda. The United Nations had a responsibility to bridge the gap between the haves and the have-nots. However, there was a risk of globalization being used as a pretext to paralyse policymakers into inaction.

27. The global development agenda should resume its focus on the causes and effects of inequality. Decent work was a universal goal that should be reflected in post-2015 arrangements. Universal social protection in the form of health care, education and jobs was not a utopian dream. The resources existed; it was a matter of mustering political will to reallocate and redistribute resources.

28. Official development assistance levels had stagnated. Indeed, attaining the 0.7 per cent target of gross domestic product was important. There was also a need to share knowledge and technology; aid flows should, therefore, support the productive capacities of developing economies. Under the Doha Mandate, UNCTAD had been designated as a key international multilateral institution to create a favourable global economic environment.

29. With increased attention placed on the post-2015 agenda, the international community could gain traction in the following areas:

(a) Addressing the lack of information and accepting with a degree of humility the level of uncertainty that existed;

(b) Creating structures that helped the most vulnerable and left no one behind;

(c) Establishing a global consensus on redistributive policies, social protection floors and building blocks for a more inclusive system.

C. Round table 2: From best policy practices to global transformation

30. The session was moderated by Mr. Shawn Donnan, *Financial Times* World Trade Editor, United Kingdom of Great Britain and Northern Ireland. The panellists were Mr. Rubens Ricupero, former Secretary-General of UNCTAD and former Minister of Finance, Brazil; Mr. Martin Khor, Executive Director, South Centre; Ms. Deborah James, Director of International Programmes, Centre for Economic and Policy Research, United States; Mr. Roberto Bissio, Global Coordinator, Social Watch Network, Uruguay; and Mr. Zhongxiu Zhao, Vice-President, University of International Business and Economics, China.

31. The second plenary session focused on finding solutions by discussing successful policy practices and development strategies that could be replicated in other countries.

32. One panellist said that civil society was the strength of UNCTAD. To fight inequality and poverty, there must be political power and political will. Leaving political decisions to groups in power meant that the choices made would benefit those in power, not those in need. For example, many Latin American countries, Brazil, in particular, were moving in an opposite direction from other parts of the world in terms of managing policies that reduced inequalities. It was important to determine whether that type of development was sustainable in the face of economic slowdown and reductions in public revenue to fund

redistribution programmes. A key dimension of long-term sustainability of social programmes was stronger economic performance through higher productivity.

33. Another panellist said that low commodity prices often led to external debt crises, and that the institutional solutions were often inappropriate. One reason why Asian countries seemed to do much better than African countries was that they were not subject to unsuitable policies of the World Bank or the International Monetary Fund. Furthermore, there must be a debt relief reform for developing countries as well as immediate short-term cash injections on a national level. The latter had been successfully implemented in Brazil, although it was not yet clear whether the improvements would be sustainable. To halt the increasing exploitation of minerals and natural resources, it was important to keep commodity prices high, with a focus on commodities and manufacturing. For the real economy to remain stable, its currency and capital flows must also be kept stable. Loan conditions must be reviewed, and appropriate trade rules must be set so that developed and developing countries alike could benefit.

34. One panellist said that China was making a gradual transition to a market economy, and that harnessing technology spillovers had played a major part in its export-led growth. Strong partnership between government, business, labour and, increasingly, civil society had helped drive investment in skills and capital, and now in social protection – a model that could be adopted by other developing countries.

35. More than 100 million workers had moved from rural areas to towns, benefiting from trade between China and the rest of the world. For the past 30 years, the trade map, global production networks and the value chain had changed dramatically. Unskilled workers had acquired skills through on-the-job training. However, there were still challenges to be overcome. Apparently not everyone in China had benefited from globalization. Better social protection policies were necessary, and businesses needed to adopt social responsibility practices.

36. Another panellist shared poverty reduction strategies and measures that had been successfully implemented in Uruguay. Cash transfer programmes had been implemented since 2005. However, a crucial component of the programmes was the reinstatement of collective bargaining, which had led to growing salaries over time, that is to say, the minimum salary had doubled. In addition, the formalization of all workers was imposed throughout the country, including in rural areas. Income tax measures were implemented, and the rights to maternal and paternal leave and universal health insurance were also recognized. Collectively, these policies and initiatives led to poverty reduction, domestic-led growth and an increase in investment, contrary to the notion that workers' rights must be curtailed to induce investment.

37. Some panellists said that inequalities in the international environment were caused by restrictive conditions imposed on developing countries bound by investment treaties and the amassing of foreign debt. Many developing countries faced constraints from prohibitive trade rules that prevented these countries from instituting the necessary measures to eradicate poverty.

38. A major issue was the restricted policy space for developing countries, particularly in relation to bilateral investment treaties, the General Agreement on Trade in Services and the proposed Trade in Services Agreement. The Plurinational State of Bolivia, for example, had a new constitution recognizing the universal right to health care. Based on the consideration that the right would be compromised if foreign health care companies obtained unrestricted access to the country's market, the Bolivian Government attempted to renegotiate the relevant part of its World Trade Organization (WTO) agreement. However, the country faced opposition from developed country members of the Organization, including the United States. Developing countries needed more policy space to improve

wages, raise tax revenue and provide social protection to the poorest sections of the population.

39. Several speakers said that the absence of an independent and fair sovereign debt workout mechanism placed heavy constraints on the policy space of developing countries. Those developing countries that had suffered a debt crisis due to external factors, whether a sharp drop in commodity prices or a hike in international interest rates, had been forced to divert public revenue to pay external debts at the expense of domestic investments. This had been illustrated by the decision taken recently by a judiciary body to undo the carefully negotiated debt restructuring that the Government of Argentina had undertaken after its 2001 financial crisis. The decision required Argentina's full repayment with interest to hedge funds that purchased Argentine bonds at a fraction of their original value. Argentina was ordered to pay the hege funds $1.33 billion.

40. A number of participants expressed concern that the court decision might push Argentina into default, with major ripple effects on other Latin American countries and the global financial system. One panellist noted that even the International Monetary Fund had expressed concerns that the ruling could make it harder for countries to restructure debt in the future.

41. WTO rules requiring developing countries to cut tariffs and subsidies, while the richest countries subsidized their own farmers, continued to be a major driver of inequality at the international level. The panel cited the position of India at the ninth WTO Ministerial Conference held in Bali in 2013. The Government of India wished to subsidize its small farmers and distribute food stamps that would be used by poor people to buy food from these producers. This had been opposed by a number of developed countries, but India and a coalition of developing countries were able to reach a "truce" in Bali, whereby this issue would be resolved by the next WTO ministerial conference.

42. Many of the strategies applied by industrialized nations to combat poverty were no longer viable for developing countries due to the constraints of current trade agreements. Public procurement was a powerful means of reducing poverty and has been used by developed countries to support domestic producers of goods and services, boost disadvantaged groups and regions, and improve the balance of payments. Strategic deployment of tariffs in certain industries, which could be useful for developing countries, was restricted by current trade rules.

43. The international policy environment should be more supportive of domestic policies to support poverty reduction. The representative of a civil society organization cited the example of Africa's mineral extraction industries. Economic and social objectives had not been a consideration when developing policies for this sector. As a result, multinational corporations had captured most of the value. Even when commodity prices had been rising, as they had during the past decade, most African countries had not seen the benefits of this boom translated into increased public revenues.

44. Governments needed more support to increase the backward and forward linkages of their minerals industry and implement policies that could help them become industrial economies. A recent World Bank study looked at how domestic procurement linked to the mineral base could boost diversification and create jobs, for example in manufacturing capital goods and equipment, industrial chemicals, and medicines. However, the Agreement on Trade-Related Investment Measures contained another set of WTO rules that could prevent local procurement. International trade policy and finance should support these poverty-reducing policies, and UNCTAD should help developing countries propose alternative global policies.

45. One speaker spoke of the vast inequality in lobbying power and political influence of transnational corporations and the finance industry. He said that despite the industry's

responsibility for the 2008 financial crisis, politicians had been unable or unwilling to rein it in and meaningfully change the rules under which the industry operated. It appeared that the finance industry and transnational corporations in many countries enjoyed de facto veto power over policies on investment, capital markets, trade and taxation. It was striking that while corporations ensured that trade rules and loan conditionality were binding, efforts to reduce poverty, such as the Millennium Development Goals and the proposed sustainable development goals, were not.

46. Another speaker said that businesses played an important role in creating value and finding solutions for society. Some 43 of the world's biggest companies had outlined steps to create a better society by 2020 in a plan called Action 2020. It was crucial to forge effective partnerships among all stakeholders in society, with every sustainable development goal supported by a partnership mechanism.

47. Areas where business should provide solutions included providing low carbon electrification aimed at increasing universal access to energy in a carbon-efficient way, creating more and better private sector jobs; promoting employment and entrepreneurship for the economically disadvantaged and encouraging companies to develop goods for these people.

48. The issue of philanthropy was also raised. According to an NGO report issued in January 2014, the richest 85 people in the world had the same wealth as the poorest 3.5 billion people. The wealthiest individuals in the world had not been affected by the global recession: indeed, their wealth had grown since 2008. They included a new class of wealthy individuals in Asia, and UNCTAD should work on policies providing incentives for them to invest more of their wealth in philanthropic activities.

49. One panellist said that philanthropy represented "business as usual". Official development aid, cash transfers from governments and philanthropy were all forms of charity that were used to tackle poverty, but not the structures that created it. Five policies could be considered as alternatives to the status quo:

(a) Unsuitable agreements between multinational companies and mineral exporters should be replaced with agreements giving more revenue to governments to invest in poverty alleviation;

(b) The flexibility of the Agreement on Trade-Related Aspects of Intellectual Property rights should be used to advantage to allow developing nations to buy cheap drugs, which would be more effective than using philanthropy to buy them expensive drugs;

(c) Focus should be shifted from continuing official development assistance to eliminating agricultural subsidies in northern countries, as such subsidies were responsible for the loss of livelihood of farmers in Africa and least developed countries (LDCs);

(d) Speculative finance, which caused recessions that disproportionately hit the world's poorest people, should be reined in;

(e) Agreement should be sought on a debt restructuring mechanism similar to those allowing companies to restructure and get back on their feet, which would be more effective than pushing countries further into debt, and eventually offering them debt relief.

50. The representative of an NGO warned that inequalities in the global financial system could drive a wedge between developed and developing countries. The BRICS group of large developing economies[1] had announced the establishment of its own development

[1] Brazil, Russian Federation, India and South Africa.

bank, and it was expected that the announcement of its own currency pool would soon follow. A new polarization in the world could be risky.

51. One delegate suggested focusing on young people and the values they received through education, politics and society. To fight inequality in the long term, societies should promote less individualistic behaviour, more solidarity, concern for the environment and less corruption.

52. Building political will to address the external conditions fuelling inequality was indispensable. The Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Agreement was a good example of cooperation among developing countries that were willing to solve problems and explore complementarities on the exchange of goods and services.

53. The common thread running through the discussions was political will or determination, which was indispensable to address external conditions. Participants emphasized the role of civil society in helping to generate political will. A number of delegates expressed the need for civil society to come to a degree of consensus on alternative solutions that would help governments. Important steps had been taken in this regard through civil society recommendations on the post-2015 agenda presented to the General Assembly in September 2013 after a series of regional consultations on the issue. There were precedents, for example when civil society had successfully mobilized itself to block a poorly designed multilateral agreement on investment proposed by the Organization for Economic Cooperation and Development in the 1990s. Importantly, civil society organizations had a key role to play at UNCTAD.

D. Panel discussion: Equality and sustainable development – delivering with impact

54. The moderator of the last plenary session was Mr. Shawn Donnan, World Trade Editor of the *Financial Times*. The panellists were Mr. Mukhisa Kituyi, Secretary-General of UNCTAD; Mr. Supachai Panitchpakdi, former Secretary-General of UNCTAD; Mr. James Mwai, Director of Programmes, Fairtrade Africa, Kenya; Mr. Jean-Marc Hoscheit, Ambassador and Permanent Representative of Luxembourg to the United Nations and other international organization in Geneva; Mr. Abdul Samad Minty, Ambassador and Permanent Representative of South Africa to the United Nations and other international organizations in Geneva; and Ms. Iara Pietricovsky de Oliveira, Co-Director, Instituto de Estudos Socióeconomicos, Brazil.

55. As many member states wished to see the issue of inequality placed on the post-2015 agenda, the panel discussion focused on how equality and sustainable development could be delivered with impact, in particular by making projections about future work of UNCTAD and role in this context.

56. Panellists explored how to define the Organization's future role in reducing global inequalities. Global inequality had different sources. Historically, UNCTAD had worked in different regions, but should modify its approach beyond 2015. It was necessary to strike a balance between exports, internal demand and the protection of populations. Investments and improvements of global value chains were needed to promote the inclusion of LDCs in the world economy. Support was required not only for LDCs, but for landlocked developing countries as well. The work of UNCTAD should also include gender treatment. Further, in light of the outcomes of the United Nations Conference on Sustainable Development (Rio+20), the reduction of subsidies to fossil fuels and the need to invest in public transport and renewable products should be on the future agenda of UNCTAD.

57. Another panellist highlighted efforts being made to integrate civil society into the international debate. There was currently a deep crisis of governance and democracy, and the strength of UNCTAD lay foremost in partnering with civil society. UNCTAD had always played the role of the "conscience of the economy" in the United Nations system. To that end, it needed support from civil society.

58. The current system was not able to deal adequately with issues such as global warming, inequality and unemployment, which appeared to be the three most pressing problems of the twenty-first century. In addition, developments in international relations showed a shift to a multipolar world, which if operating outside the value system of the United Nations, could lead to disaster.

59. UNCTAD should not confine itself to a pragmatic approach. It should develop a holistic approach that included consciences, morals and ethics in international relations, and a willingness to listen to the voices of the LDCs, and poor and vulnerable countries. Just as human beings would be judged by how they had treated the weakest among them, the international community would also be judged by how it treated the weakest countries.

60. In the view of one panellist, the message of UNCTAD was that inequality was not only unjust, but also counterproductive.

61. There was a tendency to consider official development assistance less relevant and to focus instead on foreign direct investment. However, the former might still be important, given that some countries had encountered difficulties in attracting foreign direct investment, and certain public investments could not be substituted with private finance. Official development assistance was occasionally used for other purposes than originally intended, through creative accounting.

62. Another issue that required close monitoring was criminal and illegal resource-extraction in Africa. Indeed, while issues such as tax evasion and transfer-pricing were presently in the spotlight, one should not forget to look at resource extraction "at the source". Referring to a court ruling against a company from the European Union for environmental degradation in Nigeria, one speaker expressed the wish that such action should not be limited to developed countries and stressed that there was a need for effective penalties benefiting the real victims, not only States. Further, UNCTAD and the international community should strengthen assistance to small island developing States, given their vulnerability to climate change.

63. One panellist spoke of the role of social movements, and the dimensions and concepts of sustainable development, equity and equality. They were evolving concepts, although the international community did not appear to consider the concept properly. The evolving idea of new ethics and new moral goals of the development model had been lost.

64. Human rights were not sufficiently taken into account in the debate on equality and sustainable development. States had an obligation to respect human rights. Further, States should be strengthened through, inter alia, a financial transaction tax, to combat tax havens. Indeed, many countries had a regressive tax system based on inequality from the outset.

65. A new form of politics and democracy, characterized by transparency and inclusiveness with free access to information, was necessary to promote better governance and participation. The failure of several countries to meet their official development assistance commitments indicated the need to create a fair model of development cooperation that respected equity and equality, and took into account peoples' needs.

66. Another panellist said that farmers and other workers from Africa had not been integrated in global value chains, highlighting their "invisibility". They were not goal setters in the global trade system and had no way to respond to rules or to reset them.

67. Fair trade was not only about rulemaking by markets and consumers, but also by producers in developing countries. The political voice of those who were affected by global trading rules had to be heard.

68. With regard to sustainable development, domestic consumption should become more important, and a one-sided focus on exports should be overcome. It was important to enhance sustainable metrics. Sustainable communities were necessary for sustainable nations and a sustainable world. Private philanthropy used to resolve today's inequality could be likened to the "Robin Hood" concept of corporate social responsibility.

69. One speaker said that the private sector was set up to do business; it was therefore the role of the State to deal with issues of redistribution; the abdication of development responsibilities was not the way forward.

70. Small-scale mining in Africa and Latin America were by default labelled as illegal and excluded from the debate but they employed more people than large-scale miners. That was an issue that should be brought to the table.

71. Turning to other key issues, another panellist discussed the role of agriculture for developing countries in the global trading system. There was a need to eliminate agricultural subsidies, introduce duty-free imports for products from the LDCs and tackle hunger and food security.

72. African countries had pledged to foster their productivity to industrialize and diversify, and WTO rules should allow the necessary space for this process. Furthermore, investment treaties were too limited, as they prioritized the needs of developed countries. Such treaties should not compromise the policy space of developing countries.

73. Yet another panellist suggested that it would be wise to have an "idea-box" approach. UNCTAD was a place for dialogue between developing and developed countries.

74. Further, three key-words were brought to mind concerning the post-2015 development goals: first, "complexity", which referred to the challenge UNCTAD would have in shifting its focus from trade and macroeconomics to the environment, human rights, governance and research on inequality. Second, there should be a "search for coherence and convergence" in the definition of a global public good. The third was "differentiation", meaning that it would be necessary to differentiate UNCTAD analyses of responses according to the daunting challenges arising from the major changes affecting the global economy.

75. The notion of sustainable development goals had had its origins in Rio+20. The United Nations combined a traditional North–South development approach based on the Millennium Development Goals with a global development agenda geared towards all the countries of the world. However, these two approaches had been pursued separately in the past. This was a complicated approach, but could nevertheless be successful.

76. One participant said that the concept of disparity of wealth should be disseminated more effectively in the international community, adding that a "wealth decline" indicator should be adopted at the country level. This would have a signalling effect, lessening the inequalities of wealth. There was also a need for a universal information-sharing system accessible to all, which should be available in different languages, for in the era of human rights, the right to information was a human right.

77. Another participant said that middle-income countries had not been part of the discussion and that it would be helpful to know where they fit in the post-2015 approach.

78. Moreover, company law should be broadened to include all stakeholders, not only shareholders, so that companies would be responsible for the externalities they created. The corporate veil concept should not apply to the twenty-first century, as it allowed companies

to escape their share of responsibility. Several participants said that UNCTAD should strengthen its work with civil society on tax justice. Most corporations that relocated to developing countries were motivated by tax-planning reasons. Accountability and trust building should be ensured to include civil society poverty reduction strategies. One example was a new vision of Mexican agriculture that featured cooperation with local companies in the ongoing reform of Mexico's agricultural system.

79. In the ensuing wrap-up of the discussion, the following points emerged:

(a) All States had the obligation to use their maximum available resources to uphold human rights;

(b) There was a need to review concepts. With regard to the Millennium Development Goals, it should be kept in mind that the Millennium Declaration itself was not considered a 15-year target, but rather the foundation of a long-term commitment, both at the international and national levels;

(c) The marginalization of Africa was still a priority on the global agenda, and new targets should not be set at the expense of former ones;

(d) The current development framework was still missing a backbone of strong accountability and required radical transformation;

(e) UNCTAD was the venue for inclusive dialogue and should continue using an integrated approach. The run-up to the fourteenth quadrennial conference of UNCTAD to be held in Peru in 2016 should be used to develop a road map to deliver with impact on the equality and sustainable development agenda in the years to come.

II. Breakout sessions

A. Harnessing tax policies for greater equality: Examining recent progress in human right standards?

80. The discussion brought together human rights experts and economists to discuss the 2014 report on fiscal and tax policy of the Special Rapporteur on extreme poverty and human rights. The report outlined how human rights obligations, such as principles of non-discrimination and the duty to ensure maximum available resources for the fulfilment of economic, social and cultural rights, could be applied to tax policies. The discussion drew on the example of Argentina presented by the Centre for International Economy of the Ministry of Foreign Affairs, International Trade and Worship where increasing tax revenue had financed higher levels of social spending contributing to a fall in poverty levels and inequality.

81. Despite these positive examples, participants noted that the trend in tax policy remained regressive, coupled with the erosion of trade taxes and increasing reliance on indirect taxes. Moreover, the international tax system enabled tax avoidance by multinational corporations through tax havens – not as an exception, but as a normal way of doing business. Such regressive policies contributed to fewer investments in public services, leading to human rights violations and growing class and gender inequalities.

82. The panellists said that tax policy was inherently political and that progressive tax reform required a State that was capable and willing to negotiate and capture power from corporations and elites. Human rights mechanisms could be used to demand greater accountability from States with regard to regressive tax policies. Increasing collaboration between economic policy institutions such as UNCTAD and human rights experts could open new spaces and analyses at the multilateral level, just as national judiciaries and civil

society could play an important role in scrutinizing and reviewing tax policies against the human rights obligations of States.

B. New opportunities for UNCTAD in the post-2015 agenda – Towards optimal allocation of the world's resources for maximum global welfare and sustainable development

83. Participants discussed the pressing challenges to be met beyond 2015. Poverty among plenty, need amid unused resources, and destitution in the footpath of riches was not a new problem facing humanity. Yet, as stated in the report of the Secretary-General entitled "A life of dignity for all: Accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015",[2] the world's quest for dignity, peace, prosperity, justice, sustainability and an end to poverty had reached an unprecedented moment of urgency.

84. With regard to United Nations reform, more effective and efficient global governance mechanisms had been sought in recent decades to tackle the challenges of globalization in a hierarchically divided and profoundly interconnected globalized world. The need for some mechanism of transparent collaborative decision-making based on empirical evidence was more obvious than ever. This called for a reinforcement of UNCTAD relevance in the implementation of the post-2015 agenda.

85. Discussing globalization as a factor of peace, participants said that a new type of metrics would be needed, one that would account not only for the importance of profit and private cost–benefit consistency, but rather national, regional and global cost–benefit consistency. There was a need to develop research tools and mechanisms for participatory collaborative decision-making processes that would manage trade-offs and enable all development stakeholders to make informed choices on managing the process of globalization and plan future development policies of countries towards the achievement of the proposed sustainable development goals.

86. To overcome the contemporary challenges of globalization and redistribute its benefits, strong political commitment and institutional capacity would be necessary. It was essential to tap into the knowledge of all stakeholders, including not only governments, but legislators, academia, the private sector and civil society, and mobilize their efforts towards a harmonious reconciliation of the interests of people, the environment and markets. Public–private partnerships could help scale up and accelerate access to resources, specialized skills, innovations and know-how that were necessary to build, operate and maintain environmentally sustainable and people-centred globalization.

C. Alternative trade and finance for a solidarity economy

87. Participants examined an emerging development model increasingly being referred to as the "social and solidarity economy" (SSE). The movement, which included cooperatives, community-based initiatives, agro-ecological projects, community development banks and fair trade programmes, contributed to economic activities that created decent jobs, while seeking to meet social and environmental objectives. In general, it involved democratic economic management at the enterprise and community levels, and reinvestments in jobs and community projects, given that profit was not a primary motive.

[2] A/28/202.

88. Speakers provided several examples of supportive public policies to scale up SSE initiatives. The solidarity-based economy was recognized in the new constitution of Ecuador, and a specific law had been adopted under which SSE was described as a specific sector of the economy, alongside the public and private sector, with distinct legislative, institutional and financial support measures. In Brazil, for example, the Government had adopted a policy of targeting up to 30 per cent of public food purchases for schools and hospitals from small-holder farmers. In Quebec, a public–private fund had been set up to provide long-term affordable finance to SSE activities within a governance structure that would enable players in SSE to play a leading role.

89. Participants also cited examples of fair trade initiatives in Africa, where labelling schemes ensured economic, social and environmental sustainability of the production process. The growth of sales was in double digits, and increasingly goods were being adapted for local consumers within the region. Premiums from sales were being reinvested in community projects ranging from schools and hospitals, and used to improve productive capacities.

90. The work of UNCTAD on SSE focused on social entrepreneurship, a crucial missing link in the endeavour to achieve a more sustainable economy through product and process innovations that promoted environmentally sustainable and socially inclusive patterns of employment, consumption and economic participation.

D. Civil society and sustainable stock exchanges: How civil society can engage with capital market stakeholders to promote corporate responsibility and sustainable development

91. This session provided civil society, academia and other participants with an opportunity to learn how to engage with companies, investors, regulators and exchanges to promote corporate responsibility and sustainable development.

92. The keynote speaker outlined the key features of capital markets, demystifying jargon and complex financial mechanisms and giving participants guidance on how they could better engage. It was important to create positive synergies between civil society and capital market stakeholders and explore means of mainstreaming sustainable development issues in capital markets.

93. Participants' questions helped identify key capital market players that civil society could engage with, including asset owners, asset managers, mutual fund managers and corporate chief investment officers. A number of queries led to discussions of concrete examples of how to work on a particular sustainable development issue within financial markets. Participants said that NGOs, academia and civil society had a key role to play in promoting the integration of sustainable development into capital markets.

94. Participants discussed a number of responsible investment themes reflected in the *World Investment Report 2014*, which focused on how policymakers, corporate executives and civil society could better promote investment in the proposed sustainable development goals.

E. Threats to the post-2015 agenda from "trade"

95. While governments and civil society were discussing the post-2015 development agenda and sustainable development goals, other governments and corporations were engaging in negotiations that would seriously circumscribe the same policy space that would be necessary to implement such goals, through so-called "trade" agreements. In the

light of the newly released zero draft of the sustainable development goals, participants explored the following points:

(a) The need for developing countries to be given exceptions to WTO rules in order to take appropriate measures to ensure food security and thus achieve the sustainable development goals on hunger;

(b) How the liberalization of industrial tariffs, for example under the proposed expansion of the Information Technology Agreement or the proposed environmental goods negotiations, would make it more difficult to achieve various sustainable development goals, including those relating to decent work and sustainable industrialization;

(c) How an issue pushed by developed countries (trade facilitation) might become an "early harvest" agreement at WTO in a development round;

(d) The failure of the ninth WTO Ministerial Conference to reach a binding agreement on any of the issues of interest to LDCs, despite it being a development round;

(e) The failure to reach agreement on the implementation issues at WTO, many of which would help achieve the sustainable development goals;

(f) The importance of public services and the dangers of the proposed Trade in Services Agreement for public services, including the possible prevention of renationalization of failed privatizations, as had occurred in the water and other service sectors;

(g) The risks of European Union economic partnership agreements jeopardizing the achievement of sustainable development goals;

(h) How stronger intellectual property protection, such as that proposed by the United States in the Trans-Pacific Partnership, would make it harder to achieve the sustainable development goals on health.

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Tackling inequality through trade and development in the post-2015 development agenda

Note by the UNCTAD secretariat

Executive summary

As the international community discusses the post-2015 development agenda, it is now clear that inequality will form an integral part of the sustainable development goals. Empirical evidence shows that increasing income inequality has been a feature of the world economy since the early 1980s. The current pattern of global income distribution is extremely unequal, both between countries and within countries. Inequality between countries has recently declined somewhat due to the very rapid growth of China. If China is not taken into account, the inequality between countries is higher today than it was in 1980. Inequality within countries has deteriorated in most countries due to the persistent decline of the share of wages in total output and the move towards less progressive tax systems and less generous social transfers. Other forms of inequality such as wealth distribution, gender disparities and differences in access to education are also important, as they may significantly undermine equality of opportunities and social mobility.

While the relationship between growth and inequality is complex, recent research shows that high inequality may prevent societies form achieving inclusive and sustainable growth. The global financial crisis, in particular, has greatly increased awareness of the link between growing inequality, the rise of unregulated financial markets and the threat to economic and social security from shocks and crises. Rising inequality is neither a necessary condition for sound economic growth, nor its natural result, and thus could be altered by proactive economic and social policies. Inclusive and sustainable development cannot be achieved without an integrated policy framework, with growth-promoting and job-generating macroeconomic policies and developmental industrial policies as its main pillars. To increase the chances of developing countries catching up with developed ones and therefore reduce global inequality, coherent macroeconomic, industrial, trade, environmental and social policies that reinforce each other need to be implemented. Policy coherence at the national level should be complemented by policy coherence at the international level, providing countries with the policy space needed to implement their national development strategies and achieve sustainable development goals.

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I. Inequality is back on the agenda of the international community

1. After being mostly absent from the international community's agenda in recent decades, the issue of economic inequality has re-emerged as a major concern. Trends towards the increasing divergence of wealth and incomes, both within and across countries, have caught the attention not only of specialists, but also of broader segments of the society and, importantly, of policymakers. While previously the dominant concerns regarding inequality were moral and ethical, there is now an emerging consensus that existing levels of inequality are also potentially damaging in both economic and political terms.

2. The adoption of the Millennium Development Goals in 2000 galvanized political will and efforts of the international community in poverty eradication. Those efforts drew on a flourishing body of research on poverty-related topics, and the resulting goals focused the world's attention on extreme forms of social deprivation, primarily with regard to poverty, nutrition, health and education.

3. A similar shift in focus and policy stance seems to be taking place concerning inequality. As the international community discusses the post-2015 development agenda, it is now clear that inequality will form an integral part of the proposed sustainable development goals. Indeed, the current list of 17 goals to be attained by 2030 includes reducing inequality within and between countries.[1]

4. Tackling inequality through trade and development is thus an integral part of the quest for a more sustainable and inclusive development agenda beyond 2015. It involves, inter alia, a radical rethinking of the traditional view that inequality is good for growth. It also involves moving away from the business-as-usual approach to policymaking that has been dominant in the past three decades and has spurred tendencies towards higher levels of inequality. Finally, it involves a vision of the world in which national and international policies work in tandem to address pressing issues of concern to both developed and developing countries.

II. Recent trends in economic inequality between countries

5. The scale of global inequality and its evolution is not easy to measure due to major data deficits. Nevertheless, all studies indicate that the current pattern of global income distribution is extremely unequal. For example, measured by the most widespread indicator of inequality (the Gini coefficient), the distribution of income in the world, at around 0.67, is more unequal than in the most unequal country. A similar picture is produced by taking the Palma index as an alternative measure of income inequality measuring the ratio between the total income of the richest 10 per cent of the population and the poorest 40 per cent. For the world as a whole, the Palma index was 13.5 in 2005. In most countries, it is less than two, and it is higher than the world figure only in Jamaica.

6. Most studies also indicate that inequality across countries still explains the bulk – between 60 and 90 per cent – of total inequality. One recent study estimates that around 85 per cent of global inequality can be explained by differences in the mean incomes of the countries, while only 15 per cent can be attributed to variations within countries.[2] In statistical terms, location is more likely to determine the place of an individual in the global

[1] Open Working Group on Sustainable Development Goals, 2014, outcome document, 19 July.

[2] B Milanovic, 2012, Global inequality: From class to location, from proletarians to migrants, *Global Policy*, 3(2):125–134.

distribution of income than other factors. This stems from the fact that the spatial distribution of productive capacities in the world is very uneven and is still heavily skewed in favour of advanced industrial countries.

7. A comparison of the per capita income of the richest 15 countries with that of the poorest 15 countries over the past few decades highlights how wide the gap really is. The average income of those richest countries was 44 times that of the poorest in the 1980s, 52 times in the 1990s and 60 times in the 2000s. Rapid economic growth in many developing countries since the turn of the millennium has somewhat dented the gap, with the ratio declining from 62.3 in 2000 to 55.8 in 2009.

8. More generally, inequality between countries has followed the same trajectory over the past three decades. Measured by the gross domestic product (GDP) per capita of each country at purchasing power parity of United States dollars, the Gini coefficient of income inequality between nations increased steadily from the late 1970s to the early 2000s, when it reached 0.58. The major reason is the stagnation of growth in many Latin American and African countries caused by the debt crisis in the 1980s and the collapse of growth in most transition economies in the 1990s. As the growth rates of many developing and transition economies picked up significantly in the new millennium, the income gap between countries narrowed somewhat, with the Gini coefficient declining to 0.56.

9. An often encountered shortcoming in measuring global inequality is that it does not take into account the number of people living in different countries. If the data on inequality between countries are weighted by population, the picture changes significantly. First, it shows that population-weighted income inequality between countries was considerably higher than with the first definition until the final years of the previous decade. This reflects the fact that two populous countries (China and India) have long been low-income countries. Second, the evolution of population-weighted income inequality reflects more accurately the growth performance of these large countries. When these two countries started to record growth rates of GDP superior to those in the rest of the world, economic inequality between countries started to diminish.

10. The data show that the weighted Gini coefficient declined by more than 10 points from 1980 to 2010. Statistically, most of this decline is due to the very rapid growth of China. If China is not taken into account, the Gini coefficients of inequality between countries, both unweighted and weighted, were higher in 2010 than in 1980. Thus, despite some recent improvement, international inequality remains very high. Even while between-country inequality has fallen somewhat in relative terms, it has continued to grow in absolute terms, as the difference in average incomes between rich and poor countries increased from $18,525 in 1980 to $32,000 in 2010.

III. Recent trends in economic inequality within countries

11. A full picture of global inequality must consider income inequality both between and within countries. Economic inequality within countries results from the interplay of forces determining a primary and a secondary distribution of income. Primary distribution, also called functional distribution, refers to income formation among production factors (labour, land and capital). Secondary distribution, often called personal income distribution, results from the modification of the results of primary distribution through government policies (taxes, subsidies, social transfers and the like).

12. Recent trends have shaken the belief of mainstream economists in a long-term stable distribution of functional income distribution. Since 1980, there has been a significant and persistent decline in the share of wages in many countries, both in developed and developing countries. The share of labour income in world gross output fell from 62.5 per

cent in 1980 to 54 per cent in 2010. This indicates a slower pace of growth of labour incomes, compared with the growth of world output, and corresponds to a rise in profit share.

13. The trend is particularly clear in developed countries. According to the Organization for Economic Cooperation and Development (OECD), for example, between 1990 and 2009 the share of labour compensation in national income declined in 26 out of 30 developed economies for which data were available, and the median labour share of national income across these countries fell considerably, from 66.1 to 61.7 per cent. Since 1980 the decrease surpassed 10 percentage points in Austria, Germany, Ireland, New Zealand and Portugal. The breakdown of the post-war social consensus, when wage increases closely tracked increases in productivity, combined with the growing dominance of the financial sector over the real sector of the economy, have been among the main causes of the changes in the functional distribution of income in developed countries.[3]

14. Functional income distribution has also undergone some profound changes in developing and transition economies. The transition economies in particular experienced dramatic falls in the wage share in the wake of the collapse of the socialist central planning regime in the early 1990s. The share of wages tumbled between 15 and 23 percentage points in Armenia, Azerbaijan, Kyrgyzstan, the Republic of Moldova, the Russian Federation and Ukraine during that period. Notwithstanding some recovery in some of the transition economies in recent years, their share on average is still substantially lower than in the 1980s.

15. Functional income distribution has been volatile in many developing countries. In general, it has seen a declining trend of the share of wages, although with significant variations across countries. Recurrent recessions, periods of high inflation, external shocks and political changes have had a strong influence on employment and wages, sometimes resulting in large swings of these variables. In particular, the debt crisis of the 1980s resulted in reductions in the wage share in GDP of most Latin American countries. Despite some improvements in the 2000s, the wage share has not returned to its previous peaks.

16. In Asia and Africa, the self-employed continue to constitute a significant proportion of the labour force; therefore, changes in functional income distribution result from the interaction of sometimes opposing factors. For example, migration from rural to urban areas can increase the share of wage earners in total employment, while an excess of labour supply tends to keep real wages depressed. Thus, while the share of wages tends to increase with overall income growth, recently this linkage has been weakening. The wage share of income has increased more slowly than the growth of GDP per capita in some cases and has even decreased in others.

17. In India, the movement of factor incomes suggests a tendency towards greater inequality, since the share of wages fell from 40 per cent of total national income at the start of the 1990s to only 34 per cent by 2010. In China, the rapid growth of GDP has not been matched by a similar growth in wages. As a result, the wage share in GDP shrank from 62 per cent in 1990 to 47 per cent in 2008.

18. How these trends in functional income distribution have an impact on household disposable income depends to a large extent on redistributive measures taken by Governments. Thus, the primary distribution of income is modified to some extent by government policy, resulting in personal income distribution. The extent to which it is modified varies from one country to another, but in general is more widespread in

[3] OECD, 2012, *OECD Employment Outlook 2012*, OECD Publishing.

developed countries. Inequality is generally lower in countries with larger welfare programmes and more fiscal redistribution.

19. A particular feature of developed countries is the large difference between the inequality measures stemming from the functional and personal distribution of income. This difference amounted to 13 percentage points on average in developed countries during the 2000s. In developing and transition economies, government action modifies the primary distribution of income to a much lesser extent; the difference was thus only 2 and 4 percentage points, respectively. Hence, it is mainly because of their large public sectors that income inequalities are lower in many developed countries than in the rest of the world.

20. Over the past three decades, income inequality increased significantly in many developed countries and the transition economies, as well as in Asian developing countries. It also increased in Latin America and Africa in the 1980s and 1990s, but it declined sharply in the 2000s. Since these regional trends can be biased by changes in populous countries, it is necessary to examine the trends in individual country experiences to get a full picture.

21. Inequality in personal income distribution grew in most developed countries between 1980 and 2010. Capital income increased its share of total income at the expense of labour income, benefiting a small number of capital owners. In addition, there was growing inequality in the distribution of wages and salaries, since incomes of higher paid workers rose more than those of the lowest paid. Finally, redistribution measures became less effective in modifying the primary distribution of income, reflecting the move towards less progressive tax systems in many developed countries, coupled with less generous social transfers.

22. In the transition economies, the economic collapse of the early 1990s affected wage earners disproportionally, and the crisis in government finances caused a reduction in social transfers. Hasty and opaque privatizations of State assets led to the concentration of wealth in many countries, pushing the level of inequality even higher. As a result, many countries which had the lowest levels of inequality in the 1970s and 1980s were among the most unequal in the early 2000s.

23. In Latin America, the rise in inequality in the 1980s and 1990s coincided with a reduction of formal jobs in industry and the public sector, in most cases against a backdrop of slow growth and declining investment rates. By contrast, the income gap has narrowed since the early 2000s, partly due to a sustained economic recovery but also to the introduction of a series of progressive policy measures. Between 2002 and 2010, the average regional Gini coefficient declined by 4 percentage points and by even more in several countries in South America. The new policy orientation has included countercyclical fiscal policies, an increase in the progressivity of tax systems, minimum wage legislation and increased government expenditures on various social support programmes.

24. Africa, alongside Latin America, is the world's most inequitable region. In 2010, 6 out of 10 countries with the most unequal income distribution in the world were in sub-Saharan Africa. However, the dispersion of income varies dramatically across countries. For example, the ratio of the income of the top decile to that of the bottom decile ranges from 10.5 times in the United Republic of Tanzania to 44.2 times in South Africa. Trends show increases in inequality in all the subregions except in North Africa in the 1980s and 1990s. In the 2000s, it decreased in Southern Africa and to a lesser extent in West Africa, but showed little change or even increased in the other subregions. One reason for these negative trends is that in many natural-resource rich countries, local elites, together with

foreign capital, have been able to appropriate most of the rising rents from natural resources.

25. In Asia, inequality trends have been less clear-cut, since inequality has been growing in some countries and declining in others. However, considering that the countries where the income gap has widened are the most highly populated, overall regional inequality has increased significantly since the 1980s. In South Asia, the process of globalization has been associated with greater inequalities in all countries, except in Pakistan, where it remained stable on the whole. In East and South-East Asia, several countries experienced structural transformations that increased inequality, as the acceleration of technological change generated new employment opportunities for better skilled workers in the higher income groups. In addition, economic and financial liberalization reduced the scope for redistributive policies and increased incomes from financial activities. However, following the Asian crisis, the Gini coefficient fell in Malaysia, the Philippines, the Republic of Korea and Thailand due to large investments in public education and strengthening of redistributive policies.

26. In China, the Gini coefficient increased from a low figure of 0.27 in 1984 to 0.47 in 2009. Policy reforms, especially since 1985, have accelerated the widening of the urban–rural income gap. They also contributed to a surge in the skills premium and a rise in corporate profits, increasing intra-rural and intra-urban inequalities. Trade and industrial policies favoured the creation of special economic zones in coastal areas, export-oriented firms and the capital-intensive sector over the small-scale ones. The worsening of the functional distribution of income could not be compensated by public policies since the national tax-to-GDP ratio fell to only 10.2 per cent in the mid-1990s because of a fiscal decentralization policy. Recently announced reorientation towards a domestic consumption-led model of growth is likely to reverse some of these trends in income distribution in China.

IV. Other forms of economic inequality are also important

27. Economic inequality has several interrelated dimensions, the most prominent of which is income inequality. Nevertheless, economic inequality is also the result of an uneven distribution of wealth and varying access to education and basic services, which in turn are frequently determined by social, racial and gender factors. These factors may significantly undermine equality of opportunities and social mobility, with severe economic, social and even political consequences. What is more, high economic inequality tends to be perpetuated by increasing wealth concentration that generates a dual society where one segment of the population is able to afford good-quality private education, health and basic services, while the rest has to settle for low-quality services due to their inadequate public provision.

28. Income and wealth distribution are closely interrelated. In general, wealth concentration tends to be higher than income concentration because wealth represents a stock of financial and real assets accumulated over years and transmitted through generations. A large proportion of total wealth is generally concentrated in the richest percentile. The top 1 per cent holds a much larger share of the total wealth than the bottom 50 per cent in countries where data are available. In the United States of America, for example, the top 1 per cent holds 33.8 per cent of the wealth, while the bottom 50 per cent holds only 2.5 per cent. The numbers for France are 24 per cent and 4 per cent, and for Indonesia, 28.7 per cent and 5.1 per cent, respectively.

29. The wealth-to-income ratio was relatively stable at around 4 during the post-war period in several developed countries for which data are available. It started to increase in

the 1980s to reach 7 at the end of the previous decade. This increase reflects a strong rise in asset prices and mainly creates financial wealth. The share of financial wealth in several developed countries (Canada, the Netherlands, Switzerland and the United States) actually exceeds that of real assets.

30. The wealth-to-income ratio in developing countries tends to be lower than in developed ones, generally only half of the figure for the latter. However, the share of non-financial wealth in total wealth is much higher than in developed countries, as land and housing are more important and financial markets are less developed. This makes the unequal distribution of land ownership a particularly important component of the inequality picture in many developing countries. Land concentration is the highest in Latin America with a Gini coefficient of 0.81, followed by West Asia and North Africa (0.66), Eastern Europe (0.62), South Asia (0.59), OECD countries (0.56), East Asia (0.51) and sub-Saharan Africa (0.49). As a result, inequality in land ownership is much higher than income inequality across the world.[4]

31. Gender inequality, an important and integral part of economic inequality, takes multiple shapes and forms. With regard to labour markets, women are generally paid less than men for similar jobs with similar qualifications. The relatively low proportion of women who own firms, work in top management or are engaged in full-time employment also provides an indication of the inferior position of most women in labour markets. Women are more likely to work in precarious, low-paid or unpaid jobs and tend to obtain less well-paid jobs, even with comparable qualifications. Finally, they perform the major part of unpaid household work. Although gender-related income inequality is one of the most widespread forms of economic inequality, it is one that is least visible in aggregate statistics.

32. Access to education is a key factor in generating equality of opportunities. Access limited to the upper income groups will perpetuate existing social stratification and income inequalities, and stymie social mobility. Access to education has improved substantially, in large part because of the concerted effort to achieve the Millennium Development Goals. As a result, more people have access to education today than ever before. However, low income remains a major barrier at all levels of education. In Latin America, for example, only one in five children from the lowest quintile complete secondary school. Only 17.5 per cent of children are enrolled in pre-school in sub-Saharan Africa, compared with 85 per cent in high-income countries. In general, the higher the direct costs of access to education, the more likely this will be to deter or pose a heavy burden on poorer households.

V. Inequality and globalization

33. According to available data, inequality increased strongly during the first phase of globalization in the late nineteenth century and the beginning of the twentieth. Subsequently, it decreased in all developed countries, first following the massive economic and political shocks between 1914 and 1945, and then with the rise of the welfare State. Based on these trends, Simon Kuznets concluded that inequality rises in the early phases of capitalist development and later tends to fall. This inverted U-shaped curve was subsequently accepted in economic circles as the universal pattern that all countries would follow. For developing countries, this seemed to imply that higher inequality was the price

[4] UNCTAD, 2012, *Trade and Development Report, 2012: Policies for Inclusive and Balanced Growth* (New York and Geneva, United Nations publication).

to be paid for an initial development push, before returning to more tolerable levels at higher incomes.

34. These ideas were formulated during the golden age of capitalism when output experienced its fastest and longest expansion. Developed and developing countries experienced average growth rates of around 5 per cent per annum, from the end of the Second World War to the first oil shock in the early 1970s. But rather than the result of unmanageable structural pressures and market forces, broad-based prosperity followed, thanks to reconstruction efforts to rebuild European economies after the war, deliberate policies of full employment growth and the strong regulation of financial markets at the domestic and international levels.

35. The turning of the ideological tide against these policies and regulations beginning in the mid-1970s and continuing through the recent financial crisis has coincided with a period of growing income inequality. Paradoxically, research on the issues of economic inequality went out of favour just when income distribution started to undergo marked changes. However, the trends described earlier have recently generated new research on the topic in both developed and developing countries.

36. While the Kuznets theory is inadequate to explain recent developments, several important questions beg to be answered. Was the decrease in inequality between the first and the second phase of globalization simply a temporary deviation from a general trend? Indeed, if such a general trend exists, is there a natural tendency of capitalist economies to lead to more and more unequal distributional outcomes?[5] What is causing this increase in inequality? What is the impact of heightened inequality on economic variables such as growth and employment, social variables such as social mobility and stability, and political outcomes in terms of concentration of power and democracy? Finally, if the effect of economic inequality is to worsen outcomes in economic, social and political areas, what is the scope of public policies to mitigate them? While there are presently no clear answers to many of these questions, recent research has shed some light on the impact of inequality on economic, social and political variables.

37. The textbook trade-off between growth and equality has paid much attention to whether trade or technology has been the principal link between globalization and rising income inequality, and whether the general (efficiency) gains outweigh local costs (in terms of income or employment losses), and if so, how best to compensate the "losers". The discussion has not proved conclusive, however, in part because this trade-off is difficult to reconcile with the wide experience across countries in terms of the timing and scale of these different aspects of globalization.[6]

38. The traditional view that trade liberalization will promote greater income equality in developing countries is based on the assumption that with open markets a country will produce and trade goods that use its abundant factor of production most intensively. Since in developing countries the most abundant factor is unskilled labour, their production under free trade should concentrate on agricultural and manufactured products that require unskilled labour. This would consequently increase the relative demand for unskilled labour, leading to an improvement in the share of wages in domestic income, as well as a reduction in wage inequality worldwide.

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[5] For example, T Piketty, 2014, *Capital in the Twenty-First Century*, Harvard University Press, Cambridge, Massachusetts, United States.

[6] UNCTAD, 1995, *Trade and Development Report, 1995* (New York and Geneva, United Nations publication).

39. However, the experience of many developing countries, especially in Africa and Latin America, with trade liberalization and inequality trends is different. Instead of specialization in the production of goods that require unskilled labour, many of these countries have specialized in the production of commodities, which generally is more capital intensive. That has resulted in the deindustrialization of economies on both continents. In Africa, for example, the share of manufacturing in GDP fluctuated at around 14 per cent from the 1970s to the late 1990s, when it started to decline. In 2012, manufacturing represented only 9.1 per cent of the total value added in Africa. As the number of formal sector jobs diminished with deindustrialization, and the specialization in production and exports of commodities did not create new ones, economic inequality increased. This contrasts with the experience of the newly industrialized economies of East Asia, where trade liberalization came after a successful implementation of industrial policies, and protection and support were removed in large part because they were no longer needed.

40. However, and as discussed in several UNCTAD studies, trade has not been the dominant economic force shaping the contemporary globalization process. The evidence that this has been a source of growing inequality appears to be more conclusive. Across most countries, the top income strata (in some cases only the top 1 per cent of the population) have seen the greatest – and in some cases the only – gains from boom conditions, capturing higher rentier incomes through capital gains and interest payments than would have been possible under more regulated financial structures or even conceivable barely a generation ago. Capital mobility has made it harder to tax, reducing the bargaining power of labour and increasing the State's reliance upon regressive taxes and bond markets, further amplifying the adverse distributive impact of finance-led globalization.[7] A growing body of research has begun to tie the scale of the current crisis to these inequalities, pointing to their skewed impact on the composition of demand, incentives that promote financial over real investments and their links to an increasingly fragile debt-driven growth model.

41. Four channels have been identified through which income inequalities can have negative impacts on economic growth and stability. The first channel is the impact on the level and composition of aggregate demand, the second is the relationship between inequality and sociopolitical instability, the third is concerned with political economy implications of high inequality and the fourth is related to imperfect capital markets and investment in education.

42. The level and composition of demand are important determinants of growth. Typically, entrepreneurs base their investment and hiring decisions on their expectations of future demand for their products. If wages in one country are higher (inequality is lower), the future demand will be higher. Thus, lower levels of inequality will have a positive impact on the level and composition of demand, and thus stimulate investment, employment and growth. Conversely, wage compression will adversely affect these variables.

43. Income inequality may also affect a country's social and political stability. Economic inequality may result in higher crime rates, strengthened organized crime, higher corruption, eroded property rights and increased transaction and security costs, all of which creates uncertainty for investors and reduces economic growth. In extreme cases, increasing inequality may reach a point where it leads to social and political upheavals.

[7] A Jayadev, 2007, Capital account openness and the labour share of income, *Cambridge Journal of Economics*, 31 (3): 423–443.

44. Political economy models emphasize the link between inequality and growth in the political sphere. Depending on how models are specified, median voters will either want more or less redistribution to change the results of the functional distribution caused by the market. However, as the concentration of income and wealth increases, richer individuals can acquire more possibilities to influence political outcomes and in that way, bias policies in their favour. If richer members of a society have more influence on economic policies, the outcome could be adverse for growth by, for example, policies favouring investment in the financial sector, instead of the real sector. Thus, growing inequality, if unchecked, could eventually undermine democracy.[8]

45. The fourth channel emphasizes the interactions between income inequality, imperfect capital markets and investment in education. Since education is costly, poorer members of a society are prevented from getting the education level that would be optimal from the society's point of view. Hence, inequality may have a negative effect on economic growth when human capital is the main driver of such growth because credit constraints can limit aggregate human capital accumulation. In addition, capital market imperfections result in the inability of the poor to invest, even if their projects have high rates of return. Since high inequality deprives many people of access to education and credit, it prevents the expansion of domestic markets. In other words, lack of access to credit arising from capital market imperfections lowers the rate of growth of the economy.

46. The last two channels may have also contributed to the global financial crisis that erupted in 2008. Extremely high compensations paid to corporate executives and financial agents in some developed countries have led to excessive risk taking in search of short-term profits and shareholder dividends. This has resulted in a flourishing of opaque financial transactions that were at the heart of the crisis. In contrast, stagnant wages meant that wage earners were forced to go into debt to maintain their living standards. Hence, excessive concentration of income was one of the factors leading to the global crisis, as it was linked to perverse incentives for the top income earners and high indebtedness in other income groups.

47. The government response to the global financial crisis has further heightened economic inequalities. Publicly financed bank bailouts of private financial institutions amounted to a transfer of income from the poorer to the richer parts of society since the fiscal cost of crisis resolution was borne by the society at large through a process of socialization of private losses. These regressive transfers were financed by a combination of higher taxes and lower public spending that had a direct impacted on those less well off. The subsequent imposition of conventional stabilization programmes through fiscal austerity, labour-market deregulation and privatization amplified inequality further. The large underutilization of existing resources in the form of high unemployment has been one of the most enduring characteristics of the period since the eruption of the crisis in 2008.

48. The global financial crisis has greatly increased awareness of the close association between growing inequality, the rise in unregulated financial markets and the threat to economic and social security from shocks and crises. That means high inequality not only prevents societies from achieving inclusive growth – it may prevent them from achieving sustainable economic growth as well.

49. In addition, there may be other channels through which economic inequality adversely affects economic growth. For a capitalist economy to function efficiently, it is necessary to provide public goods in sufficient quantity and of sufficient quality. Given that they are characterized by externalities, the socially optimal supply of these goods is

[8] J Stiglitz, 2012, *The Price of Inequality*, W.W. Norton and Company, New York and London.

possible only through government involvement. However, the more divided a society becomes in terms of income and wealth, the more reluctant the wealthy are to spend money on common needs. The result is underinvestment in infrastructure, basic research, education and other public goods, making the economy less efficient.

50. Rent seeking is another channel through which economic inequality adversely affects the efficient functioning of the economy. In its simplest form, rents are redistributions of income from the rest of the society to the rent seekers. They involve a real waste of resources that lowers a country's productivity, distorts resource allocation and weakens the economy. Monopoly power and preferential tax treatment for special interests are some forms of rent seeking that have negative effects on the economy. When rents are generated by monopoly power, prices are too high, resulting in a shift of incomes from the rest to the monopolist. The higher the concentration of income and wealth, the more likely it is that monopoly power and other forms of rent seeking will occur.

VI. Policies to tackle inequalities

51. Rising inequalities, uneven development and erratic growth have become permanent features of the global economy in the past 30 years. This is becoming more and more recognized and is raising concerns not only of an economic nature, but also of a social and political nature. These trends could potentially become threats not only to the social contract on which capitalism is based, but also to democracy itself. As such, economic inequality and what to do about it is becoming one of the central challenges of our time.

52. In particular, the notion that there might be an unavoidable trade-off between efficiency and growth has been firmly shaken, and its cruder extension, the trickle-down theory, has been proven to be wrong. If anything, recent research, as well as the experience of economic growth and trends in inequality in both developing and developed countries, is pointing to the opposite conclusion: high inequality is detrimental to growth and may also have adverse effects on social and political stability. The notion that more equal societies are also more economically stable, inclusive, sustainable and democratic is gaining ground. The relatively equal distribution of income and wealth in several Asian "tiger" economies, and before them in the Scandinavian countries, demonstrates that equality is compatible with strong economic performance.[9]

53. The channels linking inequality and growth are many and complex. However, as the policy changes introduced in the 1980s helped to increase inequality, there is no reason why a different set of policies could not alleviate or even reverse these adverse effects. If the costs of inequality outweigh their benefits to the society at large, reducing inequalities should be a legitimate goal of public policies.

54. The experience of the last 15 years suggests that there is a macroeconomic approach compatible with the reduction of inequality. In a policy framework that aims at linking the development of productive capacities with employment creation in order to reduce inequality, fiscal policies acquire a central position. Public spending and taxation are key instruments for shaping the distribution of purchasing power in an economy and, with it, strengthening the process of capital accumulation, thereby placing the economy on a jobs-rich growth path. They are also effective instruments that could help establish linkages between enterprises in modern sectors and the rest of the economy, thus making the process

[9] UNCTAD, 2011, *Report of the Secretary-General of UNCTAD to UNCTAD XIII, Development-led globalization: Towards sustainable and inclusive development paths* (New York and Geneva, United Nations publication, UNCTAD (XIII)/1).

of structural change more dynamic and turned in the right direction. They can help accelerate the diversification of economic activities and develop sectors that are of strategic importance for national development.

55. Widening the available fiscal space requires diversifying public sector financing sources and strengthening domestic resource mobilization by broadening the tax base, improving the collection system and making the tax system more progressive. Reducing or eliminating exemptions and loopholes, as well as enticing more businesses to join the formal sector, would go a long way towards broadening the tax base.

56. In the case of developing countries rich in energy and mineral resources, domestic resource mobilization may be achieved particularly through improvements in the capture and redistribution of resource rents. Resource-rich countries can increase fiscal revenue by reversing their current practice of offering extremely favourable terms to foreign investors in agriculture and mining. With regard to agriculture, this means imposing a tax on land leased for large-scale investment projects or raising the existing tax on land, as well as revising the taxation on the activity undertaken by those projects. In the case of mining, Governments can raise their revenues by adopting higher levies, royalties, income taxes or, in specific cases, export taxes. These can be usefully directed towards strengthening human capital formation and expanding infrastructure, which provide the long-term basis for economic diversification, which is especially critical because the resources generating these rents are exhaustible.

57. One of the recent lessons for developing countries is that there is a need to avoid the financialization of their economies. In addition, it is necessary to limit foreign indebtedness and mobilize domestic resources. The recourse to foreign sources should be selective and sustainable to avoid high foreign indebtedness, which strongly limits policy space. Capital accumulation should be financed by mobilizing domestic resources through the development of well-regulated banking networks. It also means assigning a greater role to development banks that can behave countercyclically and provide credit to sectors of strategic importance to the national economy.

58. Large inflows of speculative foreign capital can have damaging effects on the national economy. This renders the local currency overvalued, thus penalizing exports and incentivizing imports. It also results in the appreciation of local assets, creating bubbles that sooner or later will burst. This boom-and-bust pattern, fuelled by the inflow and outflow of foreign capital, is detrimental to the national economy and should be avoided at all costs. It directly increases inequality by leaving economies in prolonged recessions with long-lasting consequences for the poor. Different kinds of capital controls should be used to restrict the harmful effects of large inflows and outflows of speculative capital.

59. In parallel with capital controls, developing countries should choose intermediate exchange-rate regimes to minimize the risk of currency crises. These regimes could also target a stable and competitive exchange rate, a key factor in kick-starting growth, diversifying the economy and keeping inequality within a reasonable range.

60. Trade liberalization should be managed so as to prevent a collapse of import-competing sectors. Indiscriminate and large-scale trade liberalization has resulted in premature deindustrialization in many developing countries, particularly in Africa and Latin America. That has eliminated thousands of decent jobs in the formal sector and contributed to rising economic inequality. When trade liberalization promotes growth through technological modernization, it should be accompanied whenever possible by compensatory programmes and active labour market policies to reduce the impact on wage inequality.

61. Monetary policy could also contribute to lessening economic inequalities by aiming not only at low inflation, but also full employment of resources. An alternative to a

monetary policy fixated on attaining an inflation rate in low single digits is a macroeconomic strategy that targets those real variables that are important for a particular country. These can include aggregate growth, productive investment, employment generation or poverty reduction. Monetary policy must be part of the overall macroeconomic policy directed towards these targets, rather than operating on a separate track of solely addressing monetary variables. It should be coordinated and aligned with fiscal and exchange rate policies. Since the chosen target must be met within other constraints, interest rate management will not suffice, and other instruments should be used by the central bank, including directed credit. Policymakers should avoid excessive rigidity over any one target and be prepared to be flexible in adjusting targets and instruments depending upon the requirements of changing situations.

62. In addition, credit might be a more important variable than monetary supply. From that perspective, the volume of credit is a more effective monetary policy instrument than other instruments. This might be especially important in developing countries, where money markets and capital markets are underdeveloped. The consequence of that underdevelopment is that few households and enterprises would be able to borrow for consumption and investment. This is especially critical for microenterprises and small enterprises and farms that cannot provide collateral for a credit and thus are deemed not to be creditworthy by the banking sector. To remedy that situation, central banks could facilitate access to credit to sectors and activities of great importance for the economy. Policy instruments that could be used include interest subsidies, guarantees for certain types of credit, direct provision of credit by public financial institutions (development banks, for example) or refinancing of commercial loans.

63. Banking and financial sector regulation is particularly important to avoid the repetition of the damage that the global financial crisis inflicted on growth, employment and public finances, thereby exacerbating inequality. Some of the possible measures include increasing the capitalization of banks and strengthening their supervision, introducing stricter prudential regulation, enhancing risk-assessment mechanisms in large banks and assigning a greater role to national development banks in the mobilization of domestic resources and financing of economic activity.

64. Efforts aimed at strengthening labour institutions generally tend to reduce income inequality. Inclusive growth can be promoted through steadily rising minimum wages in line with the growth of productivity, coupled with measures to reduce wage dispersion. Measures such as unemployment insurance, retraining programmes and self-targeting public-work schemes could also be effective in reducing inequality. Wage bargaining institutions, which have been weakened substantially in most countries during the past three decades, need to be strengthened. Formalizing employment by helping small and medium-sized enterprises to grow and develop, especially in least developed countries where the informal sector provides up to 80 per cent of total employment, is a measure that may substantially increase the availability of decent jobs and thus reduce inequality.

65. Given that the functional distribution of income has been deteriorating continually in the past three decades, tackling inequality cannot be confined to measures to improve personal income distribution. In effect, reversing the trend towards growing inequality requires tackling the issue of the functional distribution of income. There are three elements of the aggregate wage share that are relevant in this regard, and policies must address all of them. These are the level of employment, the relationship of wages to productivity growth and the remuneration of self-employed workers, who constitute an increasing share of workers in many countries.

66. The inability of economic growth in many developing and developed countries to create jobs in sufficient quantity and quality (decent jobs) to meet the needs of the labour force is a major part of the problem. Reducing inequality requires policies that foster

dynamic structural change, especially in the least developed countries, where that process has stagnated.[10] Putting job creation and full employment at the centre of economic policies is only the first, but necessary, step to address that problem.

67. One of the significant reasons for falling wage share in GDP is that wages in many economies have not increased in line with labour productivity increases. That is why, in addition to employment- and growth-supporting macroeconomic policies, an appropriate incomes policy can play an important role in achieving a socially acceptable degree of income inequality, while also generating employment-creating demand growth.

68. A central feature of any incomes policy should be to ensure that average real wages rise at the same rate as average productivity. Nominal wage adjustment should in addition take into account an inflation target. If wages in an economy increase in line with average productivity growth plus an inflation target, the share of wages in GDP remains constant, and the economy as a whole creates a sufficient amount of demand to fully employ its productive capacities. Collective bargaining mechanisms can contribute to a successful incomes policy.

69. To address the issues of inequality between countries, the development prospects of developing countries should be strengthened. Faster convergence presupposes more development-friendly rules of the game at the international level. In particular, the re-regulation of international financial flows should be addressed. Moreover, the mobility of capital should be balanced by the mobility of labour to promote forces that would lead to convergence in incomes across countries. For the least developed countries to reverse trends towards marginalization in the world economy, a new international development architecture is needed.[11]

70. In sum, inclusive and sustainable development cannot be achieved without an integrated policy framework with growth-promoting and job-generating macroeconomic policies and developmental industrial policies as its main pillars. More broadly, to increase the chances of developing countries catching up with developed countries, coherent macroeconomic, industrial, trade, environmental and social policies that reinforce each other should be implemented. Policy coherence at the national level has to be complemented by policy coherence at the international level, providing countries with the policy space needed to implement their national development strategies and achieve sustainable development goals.

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[10] UNCTAD, 2013, *The Least Developed Countries Report 2013: Growth with Employment for Inclusive and Sustainable Development* (New York and Geneva, United Nations publication).

[11] See, in particular, UNCTAD, 2010, *The Least Developed Countries Report 2010: Towards a New International Development Architecture for LDCs* (New York and Geneva, United Nations publication).

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Contribution of UNCTAD to the implementation of the Programme of Action for the Least Developed Countries for the Decade 2011–2020: Third progress report

Report by the UNCTAD secretariat

Executive summary

The Programme of Action for the Least Developed Countries for the Decade 2011–2020[1] (Istanbul Programme of Action) and the Doha Mandate[2] request that UNCTAD continue addressing the challenges faced by the least developed countries (LDCs) and contribute to its implementation. The primary focus of this report is on UNCTAD activities carried out in 2013; this, however, does not preclude references to activities that started in 2012 or were completed in 2014. This report will be submitted for consideration by member States at the sixty-first session of the Trade and Development Board.

[1] A/CONF.219/Rev.1.
[2] TD/500/Add.1.

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Introduction

1. "The overarching goal of the Programme of Action for the decade 2011–2020 is to overcome the structural challenges faced by the least developed countries in order to eradicate poverty, achieve internationally agreed development goals and enable graduation from the least developed country category".[3] The average growth rate of the LDCs in 2012 and 2013 was 5.5 per cent, two percentage points lower than the 7 per cent growth rate experienced during the boom period of 2002–2008. This decline, which is well below the target of 7 per cent per annum set out in the Programme of Action, is due largely to a less propitious external environment, in particular weak demand for LDC imports from developed countries and emerging economies. The international prices for many commodities have slid from their peaks of 2011, adversely affecting commodity-dependent LDCs.

2. The performance of the LDC group masks the heterogeneous performance of individual countries. For example, the growth rates of 15 countries exceeded 6 per cent, but 10 countries experienced a growth rate below 3 per cent. Given high population growth, the latter countries had stagnant or negative per capita growth. This has severe consequences for the achievement of their socioeconomic goals.

3. In addition to slower growth, the investment and savings rates of LDCs have continued to be insufficient to generate and sustain economic growth with substantial poverty reduction. Furthermore, external financing has also been volatile. Nevertheless, remittance flows to LDCs continued to grow – from $6 billion in 2000 to $30 billion in 2012. They are expected to expand further in 2013 and 2014 due to the increasing number of people from LDCs seeking employment opportunities abroad. According to the *Least Developed Countries Report 2012*, the number of emigrants from LDCs increased from 19 million in 2000 to 28 million in 2012. Three quarters have gone to other developing countries. As a result, at least 60 per cent of remittances to LDCs currently originate from other developing countries. Therefore, South–South relations play a critical role in remittance flows into LDCs. With regard to foreign direct investments (FDI) flows, while the share of LDCs in global flows still remains less than 2 per cent, total FDI flows to LDCs reached $26 billion in 2013.

4. Notwithstanding the growth boom experienced in 2002–2008, the LDCs have not managed to make progress in structural transformation. For the LDCs as a group, the share of agriculture and services in gross domestic product (GDP) declined, while the share of industry expanded. Within industry, however, the share of manufacturing in GDP has stagnated, while non-manufacturing activities, mostly due to mining, have increased steadily. The share of agriculture in GDP has decreased during the past decade in 33 LDCs and increased in 14, while that of manufacturing grew in only 19 LDCs and shrank in 25.

5. The sluggish performance of the LDCs in the past two years is likely to remain unchanged in the short to medium term, given that prospects for the global economy continue to be fraught with uncertainties and risks and that slow growth is likely to persist at least through 2015. Even if the downside risks do not materialize, the GDP growth rates in these countries are expected to be lower than the 7 per cent target, making the challenges of structural transformation, employment generation and poverty reduction more daunting and complex.

[3] Istanbul Programme of Action, para. 27.

6. One of the main goals of the Istanbul Programme of Action is to enable "half the number of least developed countries to meet the criteria for graduation by 2020".[4] To date, only four countries have graduated from LDC status: Botswana (1994), Cape Verde (2007), Maldives (2011) and Samoa (2014). Two other LDCs, Equatorial Guinea and Vanuatu, are earmarked for graduation in June and December 2017, respectively. Tuvalu's graduation was recommended in 2012 by the Committee for Development Policy, but the Economic and Social Council never endorsed this recommendation, thereby leaving the question of that country's graduation unanswered. The potential graduation cases of Angola and Kiribati will be reviewed by the Committee in 2015. The 2012 review of the list of LDCs also revealed that 10 countries with LDC status meet one graduation threshold, thereby demonstrating progress toward qualification for graduation in the foreseeable future. The single graduation threshold relates to per capita income in Bhutan, Djibouti, Sao Tome and Principe, Sudan and Timor-Leste. It relates to human assets in Myanmar and Nepal and to economic vulnerability in Bangladesh, Guinea and the United Republic of Tanzania. Full qualification for graduation from LDC status implies that graduation thresholds related to at least two of the three LDC criteria have been met after two consecutive triennial reviews of the list of LDCs.

I. Contribution of UNCTAD

7. The mandate to assist LDCs and contribute to the implementation of the Istanbul Programme of Action stems from paragraph 156[5] of the Istanbul Programme of Action and paragraph 18 (g)[6] of the Doha Mandate. The support that UNCTAD provides to member States is organized under three broad pillars of work:

(a) Research and policy analysis;

(b) Consensus-building and intergovernmental support;

(c) Technical cooperation and capacity-building.

8. For ease of reference, the rest of this report will present UNCTAD activities in support of the LDCs under these pillars.

A. Research and policy analysis

9. UNCTAD continues to conduct research and policy analysis on LDCs through several reports and studies, predominantly its annual flagship publication, *The Least Developed Countries Report*.

10. *The Least Developed Countries Report 2013*: *Growth with Employment for Inclusive and Sustainable Development* examined how LDCs can promote growth that generates an adequate number of quality jobs and enables them to achieve their most urgent goals: poverty reduction, inclusive growth and sustainable development. The findings of the Report suggest that LDCs face a stark demographic challenge, as their collective population

[4] Istanbul Programme of Action, para. 28.

[5] "The United Nations Conference on Trade and Development (UNCTAD) should continue to address the challenges faced by least developed countries through conducting intergovernmental consensus-building, especially in the Trade and Development Board, and to contribute to the implementation of the Programme of Action also through its technical assistance to least developed countries. UNCTAD's institutional capacity in the research and analysis of least developed country issues should be maintained to this end."

[6] UNCTAD should "Strengthen its special focus on the needs of the LDCs across all areas of its mandate in accordance with the Istanbul Programme of Action".

– about 60 per cent of which is currently under 25 years of age – is projected to double to 1.7 billion by 2050. The Report also notes that the population in LDCs is not only growing rapidly, but is quickly urbanizing. This combination of factors makes the current decade critical for rectifying the employment situation in LDCs. Creating employment opportunities is critical because it is the best and most dignified pathway out of poverty. The Report develops a policy framework with employment creation as a central objective of economic policy, linking investment, growth and employment creation with the development of productive capacities. Furthermore, it recommends specific policy proposals for generating employment-rich growth as a stepping stone towards sustainable development in LDCs.

11. Other UNCTAD publications that have helped articulate further some of the policies highlighted in the Istanbul Programme of Action are as follows:

(a) The *Economic Development in Africa Report 2013*: *Intra-African Trade – Unlocking Private Sector Dynamism* provided new insights into how to strengthen the private sector to boost intra-African trade;

(b) The *World Investment Report 2013* was devoted to the role of global value chains in forming the nexus between trade and investment. The Report rev ' 1 that, for the first time ever, developing countries had absorbed more FDI inflows than developed countries. Those to LDCs increased by 20 per cent from 2011 to 2012 and hit a record high of $26 billion in 2012;

(c) The *Trade and Development Report, 2013: Adjusting to the Changing Dynamics of the World Economy* examined the limits of export-led growth and how adjustments in global demand will affect developing countries, including the LDCs.

(d) The *Technology and Innovation Report 2012: Technology, Innovation and South–South Collaboration*, focused on how some developing countries of the South, particularly the LDCs, can benefit from the rise in technological capability of other developing countries.

12. In 2013, UNCTAD developed indicators for measuring and benchmarking productive capacities in LDCs in line with the request of the Doha Mandate (para. 65 (e)). This undertaking led to the first productive capacity index on LDCs. The Trade and Development Board at its sixtieth session considered the ongoing work of the secretariat, which identified domestic gaps and limitations, and indicated where LDCs stood in building their productive capacities with respect to agreed targets, benchmarks and specific indicators. The priority areas covered in the index reflect those of the Programme of Action: infrastructure; energy; science, technology and innovation; information and communications technology, and private sector development.

13. In 2013, UNCTAD and the Secretariat of the Association of Southeast Asian Nations (ASEAN) published a study on the review of e-commerce legislation harmonization in ASEAN. It provides an up-to-date assessment of the current state of legislation in the region, maps prevailing gaps, identifies emerging challenges and makes specific recommendations towards furthering harmonization in different areas. The report covers three LDCs: Cambodia, the Lao People's Democratic Republic and Myanmar.

14. UNCTAD research and policy analysis work on persistent trade-related challenges faced by landlocked developing countries is another area where LDCs have benefited greatly – 17 of the 32 landlocked developing countries are LDCs. The 2013 UNCTAD publication *The Way to the Ocean* addresses issues relating to transit corridors servicing trade of landlocked developing countries. The study calls for greater cooperation between landlocked developing countries and transit neighbours to create a win-win scenario. The report focuses heavily on LDCs and three separate transport corridors in East Africa linking Djibouti with Ethiopia, and Burundi, Rwanda and Uganda with Kenya and the United Republic of Tanzania, respectively.

B. Consensus-building and intergovernmental support for the least developed countries

15. UNCTAD provided advisory and capacity-building support to Geneva- and capital-based trade negotiators and policymakers from individual LDCs and the LDC group. This support strengthened their capacity to prepare and engage in multilateral, regional and subregional trade negotiations, including World Trade Organization (WTO) Doha Round negotiations and negotiations between the African, Caribbean and Pacific States and the European Union on economic partnership agreements. UNCTAD provided analysis and assessments of the development implications of various WTO-related technical issues and contributed to various events on the multilateral trade agenda that dealt with LDCs and their development concerns.

16. In November 2013, UNCTAD organized an ad hoc expert group meeting for LDCs in preparation for the ninth WTO Ministerial Conference held in Bali, Indonesia. The goal was to offer a platform where LDCs, experts and participants could meet to share views and concerns, and reinforce the LDC joint proposal in the run-up to the Ministerial Conference. This contributed to greater preparedness and informed participation in the negotiations. UNCTAD participated in the event and provided substantive support to ministerial and high-level events of regional groupings that involved LDCs.

17. UNCTAD continued to assist the LDCs following the WTO ministerial negotiations. In April 2014, UNCTAD, in collaboration with the Netherlands, which provided financial assistance, organized an expert group meeting to discuss the way forward with regard to the WTO ministerial decision on preferential rules of origin for LDCs. UNCTAD also attended a meeting on the WTO and post-Bali agenda for LDCs and countries with special needs in Dhaka in May 2014. The meeting identified priority issues for those countries in the post-Bali work programme.

C. Technical cooperation and capacity-building

18. During 2013, UNCTAD has continued to deploy its technical cooperation and capacity-building programmes in support of developing countries, including LDCs. Following a description of activities designed to support graduation from LDC status, a summary of activities is presented below according to the priority areas of the Programme of Action.[7]

Graduation

19. Pursuant to paragraph 28 and other relevant provisions in the Programme of Action, UNCTAD has launched an awareness campaign about graduation from LDC status. At the request of governments, UNCTAD in 2013 provided advisory services and awareness and capacity-building workshops on graduation to five LDCs: Angola, Cambodia, the Lao People's Democratic Republic, Tuvalu and Vanuatu. Angola and Cambodia benefited from national workshops attended by ministers and other senior government officials. The workshop in Angola (July and August 2013) examined the country's prospects, opportunities and challenges in meeting the current graduation criteria. The workshop in Cambodia (October 2013) focused on policies and strategies for the sustainable graduation of Cambodia from the LDC category. UNCTAD organized several dissemination activities

[7] The eight priority areas are productive capacity; agriculture, food security and rural development; trade; commodities; human and social development; multiple crises and other emerging challenges; mobilization of financial resources and good governance at all levels.

on the role of productive capacities for the domestic development of LDCs, including a country-specific workshop in Angola in May 2013.

1. Productive capacity

Infrastructure – information and communications technologies

20. ICTs are an important part of infrastructure. LDCs continue to benefit from the extensive and diverse work of UNCTAD on those technologies. Assistance provided to LDCs in this field during 2013 cover areas such as statistics, legal reforms and entrepreneurship.

21. Access to reliable statistics is essential for policymakers to design, implement and evaluate their policies. With that in mind, UNCTAD and the Economic Commission for Africa held a regional training programme on information economy statistics for lusophone countries in Mozambique in November 2013. Staff from national statistical offices from five LDCs participated: Angola, Guinea-Bissau, Mozambique, Sao Tome and Principe, and Timor-Leste.

22. In August 2013, the East African Community Framework for Cyberlaws (Phase II) was approved for implementation. Partner States, including Burundi, Rwanda, Uganda and the United Republic of Tanzania, are advancing in its implementation. The enactment of cyberlaws is becoming even more relevant as the Community moves towards greater use of e-government applications and services.

23. A new TrainForTrade[8] project on the regional harmonization of e-commerce was launched, targeting countries in the Economic Community of West African States.[9] The first activity was the delivery of a distance learning training course on the legal aspects of e-commerce.

24. A seminar on cloud computing and e-government was organized jointly by UNCTAD and the Economic Commission for Africa. Some 20 participants from 9 countries[10] shared their experience and concerns relating to the development of cloud services, in particular information security.

25. A project developed by UNCTAD and the International Labour Organization (ILO) to promote women's entrepreneurship and ICTs involved revising the ILO framework for assessing women's entrepreneurship development policies to integrate the ICT dimension. The project included research and analysis, focus group discussions with women entrepreneurs and an assessor training session on women's entrepreneurship and ICTs to assess women's entrepreneurship development in East Africa. The revised ILO framework was also tested in three African countries, including two LDCs: the United Republic of Tanzania and Uganda.

Energy

26. UNCTAD provided assistance to examine opportunities for biofuels and renewable energy in enhancing energy security with low-carbon emissions in LDCs. A group of African researchers attended a workshop held by UNCTAD and the Swedish Secretariat for Environmental Earth System Sciences in Sweden in May 2013. Researchers from Zambia, Mozambique, Malawi and the United Republic of Tanzania participated in a number of site

[8] Programme contributing to the dissemination of international trade-related knowledge and development of skills and capacities.

[9] Including the following LDCs: Benin, Burkina Faso, the Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Senegal, Sierra Leone and Togo.

[10] Burundi, the Central African Republic, Ethiopia, Gambia, Madagascar, Mali, Mozambique, Rwanda and Uganda.

visits, exchanged lessons and engaged in discussions with policymaking institutions such as the Swedish Energy Agency and private sector companies working in solid, liquid and gaseous bio-energy development.

Science, technology and innovation

27. UNCTAD continues to support LDCs in technology and innovation-related work, in particular through its policy-focused review of science, technology and innovation policies. During 2013, UNCTAD focused on supporting the implementation of the recommendations of reviews that were carried out in earlier years, for example, in Lesotho, where a number of recommended structures and services have been implemented.

28. UNCTAD also provided inputs on the principles that should guide the operation of the Technology Bank[11] for the LDCs, one of the outcomes of the Istanbul Programme of Action. The principles covered factors such as the potential functions of the proposed Bank as an innovation-supporting mechanism for the LDCs; LDC ownership in the operationalization of the Bank; the need for resource additionality; the importance of ensuring both technology search and acquisition, including funding for innovation activities by firms; and the provision of networking mechanisms for innovation.

Private sector development

29. UNCTAD has several programmes on fostering entrepreneurship. The Entrepreneurship Policy Framework provides LDC policymakers with a toolkit to formulate, monitor and evaluate national entrepreneurship polices. Following requests from the Gambia and the Solomon Islands, support for and implementation guidance on the Framework was provided.

30. During the 2012–2013 biennium, UNCTAD provided assistance to eight LDC Empretec centres by offering advisory services, organizing Business Linkages policy workshops and seminars, delivering training to entrepreneurs and SMEs, and lending support to regional networks and initiatives. In 2013, Mozambique, the United Republic of Tanzania, Uganda and Zambia, for instance, benefited from the programme. In Uganda, small businesses experienced strong improvements as a result of the Business Linkages programme. Employment rose 125 per cent and revenues climbed 144 per cent for firms benefiting from the programme. The Tanzania Investment Centre, which is the implementing partner of the Programme in the country, conducted new targeted capacity-building projects for selected suppliers in the tourism sector, while continuing its work in the agribusiness and mining sectors.

31. To unlock the job-creation potential of the emerging green economy in Zambia, UNCTAD has been working with several agencies to create a value chain for green building goods and services, from the local production of environmentally friendly building materials to more energy-efficient building design. The Zambia Green Jobs Programme, which receives technical assistance from a consortium of United Nations agencies, is an example. UNCTAD organized two workshops and issued a report entitled "Promoting TNC-SME business linkages in the Zambian building construction industry", which identifies linkage opportunities for local small and medium-sized enterprises in the value chains within the construction sector.

32. Empretec Ghana facilitated the exchange of best practices in entrepreneurship in Liberia and South Sudan. Support was also provided to Empretec centres to enable their participation in global events and thus facilitate the exchange of best practices among LDCs in the area of entrepreneurship.

[11] Istanbul Programme of Action, para. 52.

33. A number of LDCs benefited from UNCTAD support aimed at helping promote a stable and transparent business environment. In particular, support was given in the areas of accounting and reporting as well as in dealing with environmental, social and governance issues. Participants from 10 LDCs took part in the twenty-ninth session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, and 13 LDCs, in the thirtieth session.

34. UNCTAD carried out two projects on promoting regional value chains in the agro-processing industries. The objective of both projects was to promote developmental regionalism in South Asia and sub-Saharan Africa by identifying and encouraging potential regional value chains. The first project involved research on the leather industries, agro-processing industries, and textiles and clothing in South Asia. The second project dealt with promoting regional value chains in sub-Saharan Africa and identified potential regional value chains in African leather industries. The leather and leather products industries provide an opportunity for increased trade through regional value chains and add greater value to the region's exports. The study identified three subregional trade blocs in sub-Saharan Africa with the potential to form regional value chains in the leather and leather product industries: the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States and the Southern African Customs Union. Together they contribute around 98 per cent of exports and 99 per cent of imports of leather and leather products in sub-Saharan Africa.

2. Agriculture, food security and rural development

35. UNCTAD, the Food and Agriculture Organization of the United Nations, the International Fund for Agricultural Development and the World Bank have jointly developed a set of principles for responsible agricultural investment that respects rights, livelihoods and resources. Field testing of the principles was conducted during 2013 in Cambodia, Ethiopia, the Lao People's Democratic Republic, Liberia, Mozambique, the United Republic of Tanzania and Zambia. The set of principles has begun to feed into national and regional investment policies.

36. UNCTAD continued to support the implementation of organic agriculture development activities in two LDCs, namely the Lao People's Democratic Republic and Uganda. The activities undertaken in the former have helped organic agricultural farmers improve their techniques and link up with hotel chains to sell their produce. The project is carried out within the framework of the United Nations Inter-Agency Cluster on Trade and Productive Capacity. Through local partners, UNCTAD delivered specific outputs such as capacity-building for Luang Prabang producer groups on the participatory guarantee system and an incubation programme for organic enterprises. In Uganda, UNCTAD continued to support the implementation of organic agriculture development activities, including the development of an implementation plan that can operationalize the organic agriculture policy. The draft organic agriculture policy and related implementing strategy is before the Government for adoption and implementation.

3. Trade

37. Through the Enhanced Integrated Framework and in line with paragraph 65 of the Istanbul Programme of Action, UNCTAD intensified its involvement in the Programme during the reporting period. At the request of the Gambia and Senegal, UNCTAD took the lead in updating their diagnostic trade integration studies (DTIS). These studies are the cornerstone of the Enhanced Integrated Framework in terms of integrating and mainstreaming trade into a country's national development plan. The main objective of the updating procedure is to identify the constraints hampering the integration of LDCs into the multilateral trading system and the mainstreaming of trade issues into national development strategies. A country's policies and DTIS are the basis for all subsequent technical cooperation projects using the Enhanced Integrated Framework.

38. UNCTAD completed the DTIS update of the Gambia in January 2013 and Senegal in July 2013, the latter in a record period of nine months. UNCTAD is now supporting both countries in the implementation phase of the policies and strategies identified in the DTIS action matrix. In Senegal, UNCTAD further assisted the Government in the development of a Tier 2 project on transforming and commercializing fruits in Casamance and held a workshop in January 2014.

39. Ethiopia, Djibouti, Mali, Mozambique and Niger also requested UNCTAD to lead the DTIS update of their countries. Analytical work and several advisory missions were carried out during 2013. UNCTAD also supported the Governments of Benin, the Central African Republic, Chad and the Democratic Republic of Congo in the formulation of Tier 2 projects.

40. With regard to trade policy, UNCTAD supported LDCs' efforts to formulate and implement a comprehensive trade policy framework and strategies to better cope with the economic challenges of the post-crisis period. Through the United Nations Development Account-funded project "Strengthening of capacities of trade and planning ministries of selected least developed countries to develop and implement trade strategies that are conducive to poverty reduction", UNCTAD assists six LDCs in formulating their trade policies.[12] The aim of the project is to enhance the capacity of policymakers to assess trade options and fully understand the implications of trade strategies.

41. In Senegal, UNCTAD carried out a national study on trade, planning and poverty reduction, and a national workshop was held in January 2014. In partnership with the Government of Ethiopia, UNCTAD organized a national workshop on mainstreaming trade into national development strategies in October 2013. During the workshop, more than 60 participants discussed the national trade policy framework and trade strategies, providing an in-depth assessment of the economic and institutional constraints facing the country in its efforts to make trade an engine of growth and poverty reduction. Similarly, UNCTAD in December 2013 organized a workshop on mainstreaming trade into national development strategies in Lesotho, which provided a forum for a national consultative process to translate trade-related objectives into tangible technical assistance.

42. In other measures, UNCTAD assisted Angola to draw up a development-oriented policy framework that will raise awareness of the Government and trading community about the contribution of trade to economic growth and development and formulate a comprehensive trade policy within the broader development strategy to better harness the potential of trade.

43. In response to a request received from the Government of Comoros, UNCTAD prepared, in partnership with Government officials, a national trade and development strategy launched at a national stakeholder seminar held in Moroni in March 2013. The aim of the seminar was to validate the strategy and enhance local capacity in statistics on key macroeconomic and trade concepts and models. A road map, containing a selection of recommendations drawn from the strategy, was endorsed and subsequently approved by the Council of Ministers.

44. With regard to WTO accession, UNCTAD has been providing technical assistance on both pre- and post-WTO accession processes since the establishment of the Organization in 1995. The UNCTAD programme helps countries adopt development-oriented trade policy and carry out regulatory and institutional reform and implementation. In 2013, Comoros, Ethiopia, Liberia, and Yemen benefited from such support, which enabled them to become better prepared to participate fully in the negotiations and implement strategies and institutional and regulatory changes required for WTO membership.

[12] Ethiopia, Kiribati, Lao People's Democratic Republic, Lesotho, Myanmar and Senegal.

45. On market access and rules of origin, UNCTAD has been assisting LDCs since 2006 during the negotiations for the implementation of the duty-free quota-free commitments by WTO members and related rules of origin. Throughout 2013, UNCTAD provided advice and technical inputs to LDC proposals on preferential rules of origin under the duty-free quota-free initiative. A series of briefings were held with the WTO Coordinator for LDCs and the WTO group of LDCs. This work contributed to the WTO ministerial decision on preferential rules of origin for LDCs included in the negotiated LDC package.

46. UNCTAD has provided policy advice and technical assistance on rules of origin for a better utilization of trade preferences granted by preference-giving countries, particularly those granted by the European Union under the Everything but Arms initiative. For example, UNCTAD provided policy advice on rules of origin to Cambodia. The draft text it provided on the non-preferential rules of origin was discussed in a working session in Phnom Penh.

47. An UNCTAD project on market access and trade laws for LDCs helps increase the utilization of market access initiatives in favour of LDCs. The project supports rural communities to enhance the use of geographical indications and boost their exports and supply capacity of traditional products. It enlarges the scope of activities beyond mere market access. In 2013, Senegal, Mozambique and Bhutan benefited from this assistance. UNCTAD also supports rural communities in LDCs to enhance opportunities provided by duty-free quota-free market access and enhance the value added of their traditional products.

48. With regard to the Tripartite Free Trade Area, UNCTAD has developed, in collaboration with TradeMark Southern Africa, a comprehensive series of negotiating modules to train negotiators working on the negotiating text of the Tripartite Free Trade Area Agreement. The modules cover free trade agreements, tariffs, rules of origin, anti-dumping, subsidies, safeguards and dispute settlement. UNCTAD and TradeMark Southern Africa set up training-the-trainers workshops as well as national workshops. In 2013, this collaboration resulted in the organization of six sessions in the Southern and Eastern African region, in which 150 trade negotiators from 22 Tripartite countries received training in tariff liberalization, rules of origin and drafting free trade agreements.

49. Regarding trade in services, UNCTAD provides services policy reviews to help LDCs draw maximum benefits from the services sector. These policy reviews enable LDCs to become aware of the contribution of services and services trade to their development potential and help develop best-fit policy mix to foster the development of competitive services sectors. Services policy reviews include specific country- and sector-focused services assessments that examine policy and regulatory frameworks and potential impacts of trade liberalization. UNCTAD has completed such reviews in four LDCs, namely Uganda, Rwanda, Lesotho, and Bangladesh.

50. UNCTAD implemented activities aimed at enhancing national and regional capacities of LDCs in trade policy and trade negotiations related to services. It also organized and contributed to the regional meeting in Africa on multilateral trade negotiations, including services negotiations (Ethiopia, October 2013).

51. Tourism is an important contributor to GDP and employment in many LDCs. In December 2013, UNCTAD held an ad hoc expert meeting on the link between tourism and the creative economy and invited two LDCs, Ethiopia and Madagascar, to share their experiences and exchange policy lessons. The meeting provided countries with an opportunity to identify specific technical assistance tailored to their needs. Both meetings were organized in collaboration with the Steering Committee on Tourism for Development.

52. Following the signature of a memorandum of understanding between UNCTAD and the United Nations Development Programme (UNDP) in Angola in November 2012, the TrainForTrade programme organized six capacity-development activities within the framework of UNDP Angola's Growing Sustainable Business project. Three workshops on

sustainable tourism for local development were delivered, involving more than 75 local stakeholders. Two technical workshops on managing sustainable tourism projects were held to train representatives from the public sector, business and civil society.

Trade facilitation and customs modernization

53. In 2013, 40 LDCs benefited from the Automated System for Customs Data (ASYCUDA) programme, the largest technical assistance programme of UNCTAD. It enables countries to increase revenue collected by customs, as well as to reduce clearing times and costs. The programme facilitates international trade by contributing to the modernization of customs operations using information technology and helps develop a new administrative culture and closer relationship with trading communities. Speeding up and simplifying the customs clearance process of traded goods strengthens the competitiveness of importers and exporters. Furthermore, the ASYCUDA programme develops sustainable partnerships and cooperation with beneficiary countries and international and regional organizations.

54. Enabling LDCs to harness the potential of trade for their development depends on the adoption of effective trade facilitation policies. In 2013, UNCTAD continued its work on the development of national trade facilitation implementation plans, including the finalization of national studies in Angola and Chad. UNCTAD also conducted regional workshops on project development and regional trade facilitation programmes in Benin, Rwanda and the United Republic of Tanzania.

55. UNCTAD is implementing the project led by the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa and itself on capacity-building of control authorities and transport operators to improve efficiency of cross-border transport in landlocked and transit developing countries in the Central Corridor of East Africa. In this respect, national cluster development agents in the United Republic of Tanzania, Rwanda, and Burundi collaborated with the Central Corridor Transit Transport Facilitation Agency to apply the transport facilitation toolkit at the country level.

56. In Afghanistan, the trade facilitation component of the Emergency Customs Modernization and Trade Facilitation Project is currently under implementation. In the area of transit, UNCTAD assistance focused on support to the negotiations between Afghanistan and Pakistan on the Afghanistan-Pakistan Transit Trade Agreement and its protocols. A new web-based and centralized ASYCUDAWorld system was brought into operation in Afghanistan. Data exchanges between the ASYCUDAWorld systems of the two countries were enabled in early 2014, and improvements to the regulatory environment made it possible for international transit procedures to be implemented at several Afghan border stations. Furthermore, UNCTAD in 2013 initiated a project with the Ethiopian Shipping and Logistics Services Enterprise to improve its operations.

57. The UNCTAD Port Training Programme works with port communities in developing countries to strengthen the knowledge and skills of port managers and thus improve port efficiency, productivity and trade. In 2013 the Programme was operational in the following LDCs: Benin, Djibouti, Guinea, Senegal, Togo and the United Republic of Tanzania.

4. Commodities

58. UNCTAD released a study in 2012 entitled "*Enabling the Graduation of LDCs: Enhancing the Role of Commodities and Improving Agricultural Productivity*". The publication contains sectoral reviews and assessments of successful and less successful experiences on commodities and non-traditional exports, notably horticulture. The case studies included Benin, Burundi, Cambodia, Ethiopia, the Gambia, the Lao People's Democratic Republic, Mali, Nepal, Rwanda, Senegal, the United Republic of Tanzania and Zambia.

59. Moreover, UNCTAD is currently implementing a project on building the capacities of the fish sector in selected LDCs to upgrade and diversify their fish exports. Given that fish and fishery products are among the most important dynamic commodity products for LDCs, the project aims to build the institutional capacity of private and public stakeholders in selected LDCs to upgrade and diversify their fish exports and increase their export earnings, including by improving sanitary and phytosanitary standards.

5. Human and social development

Human capital – capacity-building through training

60. The UNCTAD Virtual Institute continued to strengthen trade and development-related teaching and research at 16 universities and research centres in 11 LDCs. In terms of teaching support to LDC universities, the Institute provided curricular advice for a Master's programme in trade, development and international relations at the Open University, Zambia, which admitted its first intake of students in January 2014. It also published a teaching module on capital flows to developing countries and supported an academic from Addis Ababa University in the development of a teaching module on foreign investment policy.

61. The Virtual Institute organized four national professional development workshops (three on trade policy analysis and one on the management of the extractive sector) for a total of 123 LDC academics from Bangladesh, Senegal and the United Republic of Tanzania. Two LDC academics were admitted to the Virtual Institute fellowship programme in Geneva to advance with the development of their research papers. Academics from Benin and the Democratic Republic of Congo benefited from online and face-to-face mentoring to develop papers on trade and poverty.

62. The UNCTAD course on key issues on the international economic agenda targets LDC policymakers and academics in government think tanks to enhance their awareness, knowledge and skills so they can meet challenges in international trade, finance, investment and technology. The course has reached out to over 147 policymakers from 39 LDCs since its inception in 2001.

63. In cooperation with the West African Economic and Monetary Union, UNCTAD is implementing a project on installing a framework of statistics on international trade in services. Seven[13] of the eight members of the Union are LDCs. The project will set up a harmonized mechanism of data collection, processing and dissemination; foster statistical capacity-building; establish an electronic database and organize the exchange of information among the member States.

Gender and women's empowerment

64. During the reporting period, UNCTAD implemented a series of activities focusing on gender and economic issues. It conducted research and analysis on the gender ramifications of macroeconomic and trade policies in Lesotho, Angola, the Gambia and Rwanda. The studies mapped women's role in the economy and gauged the impact that trade and trade policy may have on them as producers and consumers and in other dimensions of their lives. The analytical work on trade and gender is followed up by national workshops that discuss the findings and make recommendations on policy changes.

65. The country case study *Who is Benefiting from Trade Liberalization in Angola? A Gender Perspective* was published in November 2013. A national workshop was held in Angola to present the findings and recommendations of the country study with the aim of

[13] Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal and Togo.

informing local policymaking and familiarizing relevant national stakeholders with the methodologies used.

66. A fact-finding mission was conducted in Rwanda in November 2013 to gather "real-life" information for the finalization of the country case study of Rwanda and discuss the preliminary findings of the research work with national stakeholders.

67. UNCTAD is also developing a teaching package on trade and gender featuring the following components:

(a) A set of multimedia presentations;

(b) A manual consisting of two volumes, the first draft of which has been completed;

(c) An online course on trade and gender;

(d) A regional workshop for sub-Saharan researchers;

(e) Mentored research projects to facilitate the application of knowledge on trade and gender to countries' specific realities.

6. Multiple crises and other emerging challenges: Trade in the context of the clean development mechanism

68. As one of the implementing partners of the Nairobi Framework,[14] UNCTAD supported the organization of the fifth Africa Carbon Forum held in Abidjan in July 2013. UNCTAD contributed to the session addressing the current and future linkages of bioenergy to global biofuels trade and human development in Africa. UNCTAD helped raise awareness of the opportunities to develop and market biofuels as part of energy-mix diversification strategies.

7. Mobilization of financial resources for development and capacity-building

69. This priority area addresses the financial resources constraints faced by LDCs in their efforts to achieve sustainable development.

Foreign direct investment

70. LDCs are beneficiaries of the Investment Policy Review programme. Of the 36 investment policy reviews completed to date, 15 concerned LDCs. During the 2012–2013 biennium, UNCTAD published the reviews of Bangladesh, Djibouti and Mozambique. UNCTAD also provided technical assistance in support of the implementation of investment policy review recommendations to 10 LDCs.[15] This assistance led to the establishment of an investment promotion agency in Burundi, the Presidential Council for Investment in Burkina Faso, the adoption of a skills attraction and dissemination programme in Rwanda and assistance on the implementation of the online one-stop shop for investment of the United Republic of Tanzania.

71. In 2013, LDCs participated in several workshops and meetings organized by UNCTAD to build capacities in the area of investment promotion. Examples include a seminar held in Geneva, Switzerland on the promotion of green FDI, an ad hoc training course in Addis Ababa on investment promotion for 40 junior Ethiopian diplomats and

[14] Established to raise the level of participation of developing countries, especially in sub-Saharan Africa, in the clean development mechanism under the Kyoto Protocol.

[15] Bangladesh, Burundi, Burkina Faso, Djibouti, Lesotho, Mozambique, Rwanda, Sierra Leone, United Republic of Tanzania and Zambia.

a regional workshop on seizing low-carbon investment opportunities on the African continent, in South Africa.

72. With regard to FDI statistics, UNCTAD in 2013 continued to assist LDCs with data collection and reporting. It delivered training courses on statistics relating to FDI and transnational corporations and survey methodologies to Myanmar and provided ad hoc technical assistance in FDI statistics, activities of transnational corporations and investment promotion. UNCTAD also gave direct assistance to COMESA and ASEAN in the preparation of their respective investment reports in 2013. The assistance to COMESA culminated in the introduction of regulations on reporting to improve harmonization and accuracy in statistical reporting. In the case of Myanmar, the Government adopted the UNCTAD recommendations and in April 2013 incorporated the recommended cost–benefit methodology in the investor application process and in its internal procedures.

73. UNCTAD provided advisory services and prepared a study on the perceptions of foreign investors of Rwanda. Recommendations of this study were presented to various stakeholders, including the Rwandan Cabinet of Ministers.

74. UNCTAD investment guides aim to raise awareness among the international investment community of investment opportunities and conditions in beneficiary countries. During the 2012–2013 biennium, UNCTAD initiated the update of the guide for Uganda, Bhutan and Nepal, and concluded the guide for Burkina Faso. Investment guides are now being developed online (iGuides); Burundi, Djibouti and Rwanda were among the initial beneficiaries of this initiative.

Debt management and debt sustainability

75. UNCTAD has provided technical assistance in the area of debt management through the Debt Management and Financial Analysis System (DMFAS) since the early 1980s. This includes the development, installation and maintenance of specialized software designed to meet the operational, statistical and analytical needs of debt managers in developing countries. It also offers training and advisory services relating to technical and institutional debt management issues, and capacity-building with regard to debt data validation, statistics and basic debt analysis.

76. DMFAS software is used by 28 institutions (mainly central banks and/or ministries of finance) in 21 LDCs for the management of public debt.[16]

77. In the report of the Secretary-General of the United Nations to the General Assembly on external debt sustainability and development (A/68/203), UNCTAD addresses analytical and policy challenges facing LDC policymakers. The report provides detailed analysis on current trends and policy issues, as well as policy recommendations to further enhance debt sustainability in LDCs.

78. In 2013, UNCTAD coordinated a regional workshop that presented the theoretical underpinnings of sovereign asset and liability management to senior debt experts and examined the practical implementation of this approach for South Africa. The aim of the workshop was to show that such an approach can effectively complement public debt management in monitoring risk and reducing debt vulnerabilities. The workshop was attended by participants from the project's three target countries – Zambia, Uganda and Ethiopia – along with 13 other African countries.

79. During the reporting period, the DMFAS programme provided direct support to 10 LDCs, either through technical assistance projects or partner coordination in the

[16] Angola, Bangladesh, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Democratic Republic of the Congo, Djibouti, Ethiopia, Guinea-Bissau, Haiti, Lao People's Democratic Republic, Madagascar, Mauritania, Rwanda, Sudan, Togo, Uganda, Yemen and Zambia.

framework of the Debt Management Facility. This resulted in improved debt recording and debt data validation and strengthened capacity for the production of national debt statistics bulletins. Currently, 95 per cent of LDCs benefiting from DMFAS report to the World Bank Debtor Reporting System in compliance with the relevant guidelines.

8. Good governance at all levels

80. Activities carried out to promote good governance, transparency and the rule of law help build the competitiveness of LDCs and enhance their attractiveness as destinations for foreign investment and the establishment of businesses.

81. The UNCTAD e-government system helps countries simplify rules and procedures for setting up a business. The programme is operational in 11 LDCs.[17] The system contributes to increased transparency and greater institutional capacity, thereby facilitating business and making LDCs more attractive to foreign investment. For example, in Togo, the time it takes to register a business has decreased from 18 days to only 1, and the number of start-ups created has increased by 52 per cent.

82. The UNCTAD programme on international investment agreements was active on various fronts. It provided commentaries on the draft model bilateral investment treaties of Angola and the PACER countries,[18] ad hoc assistance to Comoros on issues related to specific bilateral investment treaty provisions and their sustainable development implications, and assistance in the development of a foreign investment law for Bhutan and the review of Rwanda's investment code. UNCTAD also contributed to the chapter relating to international investment agreements of the *COMESA Investment Report 2013*. With a view to improving the technical capacity of LDCs to participate effectively in international negotiations on investment treaties and to implement them accordingly, the secretariat continued to provide ad hoc assistance to a number of requesting countries. Representatives from 42 LDCs participated in the training courses during 2012 and 2013.

83. UNCTAD capacity-building activities in LDCs also extend to intellectual property for development. UNCTAD is currently finalizing an advisory report on the development dimensions of intellectual property (DDIP) for Nepal, which focuses on the interface between intellectual property and biodiversity, transfer of technology and medicines. A DDIP report on copyright, growth, education and culture was carried out for Cambodia.

84. UNCTAD is one of the leading partners of the European Union-funded project on local production and access to medicines. The project aims to ensure policy coherence between industrial, trade and health policies with particular attention devoted to LDCs. The role of UNCTAD is to assist countries by:

(a) Analysing relevant trade, industrial and health policies that affect domestic capacity to produce medical products towards achieving policy coherence to promote local production of pharmaceuticals;

(b) Conducting capacity-building at the national level to promote better policy coordination for local production and access to medicines through a range of capacity-building activities in four countries, including two LDCs (Ethiopia and Bangladesh). UNCTAD completed a policy manual on local production of access to medicines.

85. Lesotho and Mozambique benefited from training in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), public health and the local production of pharmaceuticals in a regional workshop for Southern Africa. Stakeholders from the South Asia region participated in courses on the interface between access and

[17] Benin, Burkina Faso, Comoros, Ethiopia, Guinea-Bissau, Mali, Niger, Rwanda, Senegal, Togo and the United Republic of Tanzania.

[18] Parties to the Pacific Agreement on Closer Economic Relations.

benefit sharing and intellectual property rules for ASEAN countries between late 2013 and early 2014, comprising, inter alia, Bangladesh, Bhutan and Nepal. In March 2014, a national training course on the interface between the TRIPS Agreement and the Convention on Biological Diversity for Cambodia was organized.

86. UNCTAD has provided technical assistance, capacity-building and advisory services to LDCs at national and regional levels to increase awareness of the role competition policy and consumer protection can play in promoting development in LDCs and to enhance regulations and institutions governing, monitoring and enforcing national competition law and policy and consumer protection concerns. For example, within the framework of its African Competition Programme, UNCTAD in 2013 provided support to the West Africa Economic and Monetary Commission for the implementation of capacity-building.

87. In line with the importance of effective institutional coordination for good governance, UNCTAD undertook a study on the challenges of institutional coordination in Mozambique in the areas of trade and development. The analytical and policy-oriented assessment related to the scale and degree of duplication as well as its impact on the capacity to design and implement policies and strategies.

II. Conclusions and the way forward

88. This report presents a broad range of activities undertaken by UNCTAD to support the implementation of the Istanbul Programme of Action. As the recent performance of LDCs remains weak, national and global actions in its implementation require concerted efforts by LDCs and increased support by UNCTAD and other development partners. Such efforts should aim primarily at addressing the root causes of underdevelopment in LDCs, and in particular, productive capacity-building, diversification of LDC economies and the development of domestic policies, regulations and support structures necessary for the emergence of dynamic enterprises capable of competing in global markets. These are priority areas requiring special attention in the context of the post-2015 agenda and ongoing progress in the implementation of the Istanbul Programme of Action.

89. According to *The Least Developed Countries Report 2013*, one of the biggest challenges facing LDCs is creating a sufficient number of decent jobs for their growing working population. The Report shows that the working-age population of LDCs as a group is expected to increase by 16 million people each year. By the end of the current decade, the labour force of LDCs will increase by 109 million people, which points to the number of decent jobs that LDCs need to create during this decade. Given the demographic challenges, the LDCs need to make significant efforts to generate a sufficient quantity of jobs and offer decent employment opportunities to their young population. As noted in the Report, economic growth that does not create decent jobs in sufficient quantity is unsustainable, and job creation without the development of productive capacities is just as unsustainable.

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Building a stronger UNCTAD

Note by the UNCTAD secretariat

Executive summary

The Conference at its thirteenth session in Doha (UNCTAD XIII) decided that the annual sessions of the Trade and Development Board would consider and evaluate the progress of the implementation of decisions on the Joint Inspection Unit report and take action, as appropriate. At its sixtieth session, the Board considered a progress report and requested the secretariat to continue to enhance the management and administration of UNCTAD through the implementation of the workplan and, based on the deliberations under the relevant agenda item, requested a comprehensive progress report on the implementation to be presented at its sixty-first session.

The present report first outlines further progress made in the implementation of the workplan, which contains seven fundamental areas that were identified by the Board as requiring strengthening. The report then outlines the additional initiatives of the Secretary-General of UNCTAD for building a stronger organization, in line with his stated commitment to UNCTAD member States.

The report shows that progress has been made against the agreed workplan, particularly in enhancing outreach and communications and in enhancing the internal and external coordination of activities. Improved dissemination of evaluation products is contributing to learning relating to, inter alia, better project design, management and implementation. Work on mainstreaming results-based management is ongoing, and the Secretary-General is closely steering progress on this front. In this regard, the report presents several initiatives, being launched by the Secretary-General, aimed at strengthening the organization with a view to delivering better results. The initiatives seek to promote better internal accountability and re-energize the organization, as well as strengthen the resonance of UNCTAD's work.

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At celebrations in 2014 to mark the fiftieth anniversary of UNCTAD, the Secretary-General noted that the organization had evolved over the past 50 years in tandem with its member States and stated that UNCTAD was "committed to maintaining this spirit of adaptability and responsiveness". The UNCTAD secretariat thus remains dedicated to continually enhancing the way it conducts its work and is confident that its actions are contributing towards a stronger, more impactful UNCTAD.

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I. Introduction

1. The Conference at its thirteenth session in Doha (UNCTAD XIII) decided that the annual sessions of the Trade and Development Board would consider and evaluate the progress of the implementation of decisions on the Joint Inspection Unit report and take action, as appropriate. The Trade and Development Board at its fifty-ninth session considered a workplan for enhancing the management and administration of UNCTAD, which was developed in accordance with the agreed conclusions of the twenty-sixth special session of the Trade and Development Board on 6 July 2012. At the fifty-ninth session, the Board requested the secretariat to enhance the management and administration of UNCTAD through the implementation of the workplan presented at the session, as contained in document TD/B/59/CRP.2, and based on the deliberations of the Board. The Board also requested a comprehensive progress report on implementation at its sixtieth session in September 2013. At its sixtieth session, the Trade and Development Board considered the progress report and requested the secretariat to continue to enhance the management and administration of UNCTAD through the implementation of the workplan and, based on the deliberations under the relevant agenda item, requested a comprehensive progress report on the implementation to be presented at its sixty-first session. The purpose of the present report is to inform on the further implementation of the workplan for enhancing the management and administration of UNCTAD and outline several initiatives, being launched by the Secretary-General of UNCTAD, aimed at strengthening the organization with a view to delivering better results.

2. In preparation for implementation of the workplan from the sixtieth session of the Board in September 2013, the secretariat took note of the feedback from member States on the various initiatives the secretariat was undertaking. Furthermore, in 2013 the incoming UNCTAD Secretary-General made a commitment to ensure that the UNCTAD secretariat was efficient, effective, accountable and focused and that it delivered with impact, in particular at the national level. To this end, since that time the secretariat has conducted several discussions and consultations that have led to the identification of initiatives aimed at strengthening the organization, while at the same time ensuring that progress continued to be made against the activities identified in the original workplan for enhancing the management and administration of UNCTAD.

3. The present report first outlines further progress made in the implementation of the workplan, which contains seven fundamental areas that were identified by the Board as requiring strengthening, including an integrated results-based management framework, enhancing outreach and communications, including with the Geneva-based missions, and enhanced internal and external coordination of activities, including through improved processes and procedures. The report then outlines the additional initiatives of the Secretary-General of UNCTAD for building a stronger organization, in line with his stated commitment to UNCTAD member States.

II. Building a stronger UNCTAD: The fundamentals

A. An integrated results-based management framework

4. In the workplan, the secretariat undertook to reinforce its efforts on results-based management through the preparation of a document outlining an improved and better integrated results-based management framework, followed by its operationalization. A results-based management manual for technical cooperation, focused on the design of UNCTAD projects and the use of extrabudgetary resources, has been developed. In addition, training based on the manual has been conducted, and the UNCTAD Project

Review Committee was tasked with ensuring compliance of all new project documents with a results-based approach.

5. A results-based management framework for UNCTAD was mapped out and issued in April 2013 that sets out the building blocks for a more integrated results-based management approach for the UNCTAD secretariat. The preparation of the 2016–2017 biennial programme plan for UNCTAD in the last quarter of 2013 was the first formal opportunity for the secretariat to introduce revisions, as appropriate, to the logical frameworks for UNCTAD subprogrammes to improve their results orientation. The revised logical framework for subprogramme 5 in particular aims at a more meaningful definition of the results towards which the subprogramme can realistically contribute, and thus allows for better alignment of this management tool with the work of the subprogramme. The UNCTAD Biennial Programme Plan for the period 2016–2017 was revised and approved by the Working Party in December 2013. In June 2014, the Committee for Programme and Coordination of the United Nations completed its review and the Committee has submitted its recommendations for endorsement by the General Assembly.

6. With regard to technical cooperation, the secretariat has initiated a procedure that ensures that all project proposals containing new logical frameworks are reviewed and cleared for the evaluability of such logical frameworks, in line with the UNCTAD Evaluation Policy. Training workshops for project managers on results-based management are being organized to strengthen the results-based management approach for technical cooperation projects.

7. Ongoing and future steps towards implementation of the results-based management framework are elaborated in chapter III of this report.

B. Enhanced monitoring and evaluation capacity

8. In 2013, UNCTAD began implementing a set of measures to enhance the delivery of its monitoring and evaluation functions. The measures include ensuring the systematic evaluation of each component of the UNCTAD programme of work, thus ensuring due oversight of the programmes, while enabling learning on how well the measures are working and what results they have yielded. Work continues on developing a set of guidelines to operationalize the UNCTAD Evaluation Policy, and steps have been taken to improve the dissemination of evaluation reports to member States and other interested parties, as well as the dissemination of learning from these reports internally, in accordance with results-based management principles.

9. Since 2013, the annual evaluation plan of the secretariat has included an external evaluation of an UNCTAD subprogramme that is considered by the Working Party. Each subprogramme evaluation is intended to provide learning about the performance of the subprogramme in relation to its mandates and to make recommendations, aimed at enhancing the achievement of measureable results from the implementation of its programme of work, that could also be considered in conjunction with drafting of the UNCTAD Biennial Programme Plan for the subsequent strategic planning cycle, in line with results-based management principles.

10. Improved dissemination of evaluation reports has been under way with continuous updating of the dedicated webpages on evaluation on the UNCTAD website as new reports become available. Furthermore, at the sessions of the Working Party on technical cooperation, member States are presented with a report that contains an overview of key findings, conclusions and recommendations from external evaluations that were conducted

in the previous year.[1] The report also contains a section on lessons learned that emerged from the evaluations, which aims at promoting the key points relating to enhancements that can be considered relating to, inter alia, project design, management and implementation.

11. Progress on developing a set of guidelines to better operationalize the UNCTAD Evaluation Policy is under way. A new series of briefs prepared by the Evaluation and Monitoring Unit has been developed that serves three aims: to operationalize the UNCTAD Evaluation Policy; to promote a better understanding of evaluation and self-assessment practices and processes; and to support self-assessments. Topics covered within the series include promoting the use of evaluation findings and lessons learned, an introduction to the theory of change and gender considerations in evaluations (and the implications for programme/project planning).

12. In a review of the evaluation capacity and practices of every entity in the United Nations Secretariat,[2] the Office of Internal Oversight Services concluded that UNCTAD had all the components and practices in place for the conduct of credible and reliable evaluation. The UNCTAD secretariat will build upon the learning from this recent assessment and seek to further develop the functions as appropriate, including strengthening organization-wide capacities for self-assessment to ensure that the evidence base needed to inform evaluations is available and robust.

C. Enhancing outreach and communications, including with Geneva-based missions

13. In the workplan, the secretariat undertook to continue its enhancements of outreach and communications in accordance with the UNCTAD communications strategy that was approved by the Trade and Development Board in 2009, on which progress has already been made in a number of areas. Progress in strengthening outreach and communications has been reviewed annually at the spring session of the Working Party. At the sixty-seventh session of the Working Party in March 2014, the secretariat reported that it could demonstrate visible improvements in the implementation of the communications strategy and that it had received encouraging feedback regarding improvements in its communications with member States. At the close of the meeting, member States welcomed the continued progress made in the implementation of the communications strategy and the publications policy.

14. As member States considered a detailed report prepared by the secretariat at that time, the present report will only elaborate on a few points on this subject. The points relate to (a) improving communications and outreach to member States based in Geneva and other key constituents; (b) enhancing the web presence of UNCTAD; and (c) improved dissemination and outreach to maximize the impact of UNCTAD work, in particular research outputs.

15. Since the new UNCTAD Secretary-General joined the organization in September 2013, in an effort to deepen relations with member States through the permanent missions to the United Nations Office at Geneva, he has met with regional groups, held almost 90 one-on-one meetings with ambassadors and launched breakfast meetings with mixed groups of 10 permanent representatives for an informal exchange of views. In addition to

[1] For example, overviews of evaluations of UNCTAD activities, as contained in documents TD/B/WP/254 and TD/B/WP/263, were presented at the sixty-fifth and the sixty-eighth sessions of the Working Party on the Strategic Framework and Programme Budget, respectively.

[2] See the report by the Office of Internal Oversight Services from 2013, on strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives (A/68/70).

official notifications of meetings, publications and other activities of UNCTAD, the secretariat organized an induction course for new delegates and introduced the new *UNCTAD Guide for Incoming Delegates*, intended as a useful complement for the course while also serving as a handy reference for delegates during the course of their work at UNCTAD. Furthermore, the secretariat held various briefings on forthcoming intergovernmental meetings. The Delegates Portal was launched in December 2012, with additional features and information added in 2013. A weekly bulletin, "What's new", is also sent electronically to communicate information on recent and forthcoming UNCTAD activities, including new publications and provides updates on meetings and events in which the Secretary-General has participated.

16. The communications strategy emphasizes the need to increase the involvement of civil society in UNCTAD activities through enhanced participation in meetings and seminars and through the exchange of information by electronic means. The strategy attaches particular importance to engaging civil society from the South and advocates for the creation of partnerships to foster dialogue on key issues identified by UNCTAD. UNCTAD has reached out to civil society through the following means:

(a) Civil society organization e-alerts are biweekly e-mails highlighting the latest news, research and publications from UNCTAD, with information on events of interest to civil society. E-alerts are sent to over 2,500 subscribers.

(b) Civil society input to the intergovernmental process is facilitated by ensuring the participation of civil society organizations in the meetings of the Board. Several experts from civil society participated as panellists in debates and meetings during the year.

(c) Informal exchanges were held with the Secretary-General and selected representatives of key civil society organizations and networks active in trade and development. Participants reiterated their continuing support for the organization and their intention to remain closely engaged in the implementation of its mandates.

17. UNCTAD continues to seek ways to strengthen its outreach to civil society organizations within existing resources. Implementation of some recommendations contained in the communications strategy, for instance, in order to promote further outreach to civil society in the South and to enable expanded multilingual communications, is subject to the availability of resources.

18. The secretariat engages with the private sector in all aspects of its work. Companies and business associations contribute to surveys for data collection and policy analysis. High-level private sector representatives were also invited to participate in UNCTAD intergovernmental meetings, programme events and advisory bodies. In some cases, the private sector contributes expert advice and funding for technical assistance projects. Recent examples of such cooperation include UNCTAD work on trade and gender in Angola, work on information and communications technologies and the Sustainable Stock Exchanges Initiative, which aims at exploring how exchanges can work together with investors, regulators and companies to enhance corporate transparency – and, ultimately, performance – on environmental, social and corporate governance issues and how they can encourage responsible long-term approaches to investment. Additional collaborations will continue to be explored.

19. To strategically engage researchers and academics in debate and advocacy, UNCTAD economists give lectures and presentations on topics related to its research outputs, and eminent academics are invited to participate in UNCTAD intergovernmental meetings and events. Furthermore, the UNCTAD Virtual Institute supports the teaching and research of trade and development issues at universities and research institutes in developing countries and in countries with economies in transition. In the 10 years since its founding, the Virtual Institute has grown into a true global academic network encompassing 101 universities and research centres in 52 countries. During this time, the Virtual Institute

witnessed the launch of new masters programmes in 9 countries and contributed to the development and/or upgrade of courses at universities in 13 other countries. Virtual Institute teaching materials have been used to teach at least 33,000 students in 29 countries. The programme has distributed 21,700 UNCTAD trade-related publications to the libraries of member institutions since 2007 and provided training to more than 1,300 students through its 48 study tours. In addition, 1,037 academics from 40 countries have gained new skills and knowledge through 41 Virtual Institute workshops and online courses, which have also generated 16 mentored research projects from researchers in 15 countries. The network has also nurtured 61 budding researchers from 19 countries through Virtual Institute fellowships at UNCTAD.

20. With regard to enhancing the web presence of UNCTAD, activities in 2013 saw the improved provision of user-friendly and timely information to dedicated target audiences and the development of online tools and technical improvements to the organization's website architecture and search facilities. A number of previously external, stand-alone websites were integrated into the main site. As a result, their content may now be retrieved through the integrated site search. The new web platform has allowed UNCTAD to develop more dedicated interactive conference websites. This facilitates the provision of information, documentation and registration for major events. Examples are the Global Services Forum 2013, the UNCTAD Public Symposium 2013 and the thirtieth anniversary of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. In view of these improvements, the Working Party in March 2014 welcomed the "notable improvements to the UNCTAD website".

21. An overview of website visitor data for 2012–2014 is displayed in table 1. It is encouraging that the data show that, for each corresponding month across 2013 and 2014, visitor numbers have increased.

Table 1
Number of website visits

Month	*Old website (2012)*	*New website, unctad.org (2012)*	*Unctad.org (2013)*	*Unctad.org (2014)*
January	138 772	-	107 537	110 682
February	156 319	-	106 787	115 400
March	98 632	83 720	131 968	140 219
April	30 251	100 584	135 156	141 275
May	41 840	88 121	133 370	135 300
June	35 893	67 648	114 296	119 626
July	23 769	73 236	97 148	-
August	19 292	66 474	86 055	-
September	21 415	88 300	119 237	-
October	25 765	106 990	129 264	-
November	23 256	118 112	132 526	-
December	15 638	120 520	106 897	-
Total	**630 842**	**913 705**	**1 400 241**	**762 502**

Note: The new unctad.org website, launched on 15 March 2012, subsequently ran in parallel with the old website to enable website visitors to adapt to the new content architecture. Data for 2014 reflect the figures available at the time of the preparation of the present document.

22. The secretariat and the UNCTAD Secretary-General have had an active social media presence since 2013. UNCTAD has recorded a marked increase in the following of its Twitter and Facebook accounts. The number of followers of the organization (@UNCTAD) on Twitter quadrupled from 8,000 in December 2012, to over 32,000 in June 2014. Table 2 provides an overview of the number of Twitter followers of a sample of Geneva-based United Nations organizations.

Table 2
Overview of the number of Twitter followers of a sample of Geneva-based United Nations organizations
(As of June 2014)

	Twitter followers
UNCTAD	32 400
International Trade Centre	4 011
World Intellectual Property Organization	17 100
Economic Commission for Europe of the United Nations	18 100
United Nations Research Institute for Social Development	21 700
International Telecommunication Union	30 000
International Labour Organization	34 400

23. Efforts by the secretariat related to website enhancements and social media presence are ongoing to ensure that these positive trends continue.

24. On publications, the secretariat reported in March 2014 that a tailor-made dissemination strategy is developed for each publication or launch event. Press launches are organized simultaneously in different countries and regions, and media campaigns include radio and television broadcasts and presentations at a wide variety of academic and other institutions. The secretariat has enhanced the availability of e-publications and is monitoring feedback on such publications, in particular the flagship reports. Monitoring includes tracking the number of press citations and downloads of its publications. Some positive results can already be identified following such efforts. For instance, there was a 30 per cent increase in the number of downloads of the *Review of Maritime Transport 2013* compared to the 2012 version of the report for the same corresponding period. UNCTAD has also actively pursued co-publishing as a means of expanding the dissemination of its publications and reaching new audiences. There were good examples of producing joint products in cooperation with governmental agencies and international organizations (German Agency for International Cooperation, International Labour Organization, Organization for Economic Cooperation and Development, United Nations Development Programme, United Nations Educational, Scientific and Cultural Organization and World Trade Organization).

25. The UNCTAD secretariat continues to work closely with the Division of Conference Management of the United Nations Office at Geneva to ensure that the translation of publications, especially flagship reports, is made within a reasonable time. Since the sixty-seventh session of the Working Party in March 2014 that considered this subject, following which member States requested the secretariat to continue to work with the United Nations Office at Geneva to ensure that documents and publications were translated and delivered on time, the secretariat has conducted several discussions with the Office on this and related matters. However, at this time, it appears that the resource constraints of the translation services of the Department for General Assembly and Conference Management of the United Nations Secretariat, and new arrangements for the processing of publications in Geneva and other duty stations, continue to impede progress on this front. The emphasis of the new arrangements has been on, among other things, increasing the number of electronic

publications and a reduction in the number of publications that are translated. While the UNCTAD secretariat is trying to ensure that the budget cuts faced by the Department for the biennium 2014–2015 do not affect the UNCTAD publications programme for the current biennium, the secretariat faces pressure to reflect these changes in the 2016–2017 programme. The secretariat is making its best efforts to safeguard the need to maintain translation of its publications as a means of reaching its target audiences in the various regions. The UNCTAD Secretary-General and the Deputy Secretary-General both discussed these issues with the Under-Secretary-General and Assistant Secretary-General of the Department at a meeting earlier this year, who expressed their willingness to work flexibly with UNCTAD to address the matter. The secretariat will continue to monitor the situation closely.

D. Enhanced internal and external coordination of activities

26. On internal coordination, there have been monthly meetings of the Publications Committee, which have focused to date on ensuring coordination and coherence of the main reports of 2014, in addition to identifying synergies. The Secretary-General chaired the first meeting of the Committee, and the regular meetings have been led by the Deputy Secretary-General. In addition, monthly directors meetings have been ensuring coherence of cross-cutting deliverables, such as preparations for the celebration of the fiftieth anniversary of UNCTAD, the sessions of the Trade and Development Board and UNCTAD contributions to the post-2015 discussions.

27. One of the priorities of the Secretary-General has been to foster closer engagement with UNCTAD staff. Towards this end, he initiated a number of informal mechanisms to foster an open and personal exchange of views where staff, either on a one-to-one basis or in small groups, have the opportunity to launch ideas and provide candid feedback. A new UNCTAD intranet launched on 13 June 2014 will also go some way towards enhancing internal processes for the way the secretariat conducts its work, in addition to improving internal communications and coordination. The new intranet is based on the Sharepoint platform, which will facilitate the creation of virtual groups and communities, enabling staff to engage in discussions with subject matter experts and to find answers. It will also expedite the creation of a single location for teams to organize content, share ideas and collaborate with colleagues in real time.

28. During the biennium 2012–2013, UNCTAD continued to collaborate with United Nations system organizations to ensure policy coherence in the management of economic and social activities of the United Nations. UNCTAD also collaborated with financial institutions, the Organization for Economic Cooperation and Development, Asia–Pacific Economic Cooperation, Governments and non-governmental organizations to strengthen the impact of its work in the areas of consensus-building and research and policy analysis, in particular through advocating the messages based on its research or the results of collective research with development partners.

29. The secretariat has established and met targets for an increase in the number of joint activities that it delivers within a biennium. A total of 54 joint outputs were completed during the last biennium, covering all areas of the five UNCTAD subprogrammes. For instance, UNCTAD worked with the Department of Economic and Social Affairs and United Nations regional commissions to publish the World Economic Situation and Prospects reports for 2012 and 2013 and collaborated with the Organization for Economic Cooperation and Development on reports on trade and investment measures of the Group of 20. UNCTAD also worked with the International Monetary Fund and the World Bank on a Group of 20 report on the macroeconomic impacts of excessive commodity price volatility on growth and on the identification of policy options. A memorandum of understanding has been signed to cement the UNCTAD–International Trade Centre partnership on trade

facilitation, which aims at developing a joint programme of work to assist developing countries in the implementation of the recent Agreement on Trade Facilitation of the World Trade Organization. The secretariat also continues to look into further collaborations with other Geneva-based organizations such as the World Trade Organization, World Intellectual Property Organization and International Labour Organization.

30. By leading the United Nations Inter-Agency Cluster on Trade and Productive Capacity, the UNCTAD secretariat made continued efforts to implement system-wide coherence at the country level and to contribute towards ensuring non-duplication, efficiency and greater development impact, in particular for technical assistance activities. In 2013, the Inter-Agency Cluster was involved in more than 30 country-level joint programmes. UNCTAD believes the development impact of the joint programmes will be much wider and deeper than the impact achieved by the operations of single entities. The Inter-Agency Cluster also participated in regional initiatives in Africa, the Arab States, Asia and Europe and the Commonwealth of Independent States. These inter-agency coordinated operations resulted in better alignment with national priorities, inclusive partnerships with national stakeholders and mutual accountability. The role of UNCTAD as coordinator of the Inter-Agency Cluster also allows for inter-agency resource mobilization initiatives in the area of trade and productive capacity, insofar as donors stand ready to finance multi-donor and multiagency operations.

E. Equitable geographic and gender representation, and transparent and effective human resources management

31. In the area of human resources, the secretariat remains fully compliant with all applicable United Nations rules and procedures on staff selection. The secretariat noted in its workplan that according to applicable General Assembly resolutions, the paramount consideration in the recruitment and selection of staff is securing the highest standard of efficiency, competence and integrity; and gender and geographic considerations are given due regard from among the pool of suitably qualified candidates. Following further analysis of the subject, one of the constraints to improving gender and geographic representation stemmed from the lack of an adequately diverse pool of qualified applicants. The secretariat undertook to implement remedial actions within its purview such as, for example, broader efforts in reaching out to professional networks, academia and member States to enlarge the pool of qualified applicants to UNCTAD posts and also increased efforts to draw on a wider geographical pool for consultancies.

32. The secretariat has undertaken several initiatives to improve outreach as a means of achieving a more equitable geographic and gender balance among both staff and consultants. For instance, since December 2012, efforts have been made to improve communications with member States on vacancies in the UNCTAD secretariat by sending out regular e-mails announcing current vacancies in the secretariat to the permanent missions in Geneva and posting such announcements on the Delegates Portal. The secretariat has also been establishing contacts with regional commissions and other regional organizations, as well as professional networks, to ask for assistance in identifying potential candidates, and the selective use of international media continues to be explored. New gender focal points were appointed in January 2014 and their role was strengthened through better definition of functions and responsibilities.

33. As a further step to enhancing the transparency and effectiveness of the secretariat's human resources management, the new UNCTAD career webpage was launched on 1 May 2013. The UNCTAD career webpage was redesigned in a more functional and user-friendly way so as to improve information-sharing with member States, as requested during the fifty-ninth session of the Trade and Development Board held in September 2012 and

reflected in the workplan. The webpage is available in both English and French on the UNCTAD website.

34. To enhance transparency vis-à-vis member States, UNCTAD continued providing information on key human resources indicators, including UNCTAD's staffing situation, progress in improving geographical and gender balance, information on the representation of member States and statistics on the applications received for UNCTAD posts at the November/December sessions of the Working Party. The secretariat continues to monitor the situation. Further progress can be made on these fronts through other possible measures that are being explored.

F. An effective fundraising strategy

35. In the workplan, the secretariat noted that an effective fundraising strategy was fully in line with the Secretary-General's efforts to strengthen UNCTAD and undertook to develop a draft fundraising strategy for consideration.

36. The draft UNCTAD fundraising strategy was circulated as a non-paper to member States on 22 March 2013. The document indicates principles and objectives for UNCTAD fundraising and aims at providing the basis for the development of a consistent, coherent and efficient fundraising strategy. The main objectives as spelled out in the document are as follows: ensure efficiency in the management and delivery of technical cooperation; strengthen support from traditional donors; broaden the donor base; improve awareness and outreach; and strengthened inter-agency cooperation for joint fundraising through United Nations system-wide coherence.

37. At its sixtieth session, held in September 2013, the Trade and Development Board took note of the draft UNCTAD fundraising strategy for technical cooperation, recognized its importance and looked forward to its further consideration and improvement in a formal setting to ensure that fundraising efforts led to the necessary levels of resources to meet the increasing demand for technical cooperation. At the sixty-seventh session of the Working Party, member States further considered the draft UNCTAD fundraising strategy. The outcome of the discussions at the sixty-seventh session of the Working Party was that the regional coordinators would meet to agree on a set of common goals and principles for the draft fundraising strategy. It was agreed that the proposals to be prepared by the regional coordinators would be presented for consideration at the sixty-eighth session of the Working Party in September 2014.

38. The secretariat stands ready to continue to engage with member States on ensuring the development of an effective fundraising strategy.

G. Establishment of a general trust fund

39. In the workplan, the secretariat noted that the establishment of a general trust fund would be welcomed and undertook to draft a proposal on the possibility of establishing such a trust fund. The proposal was shared with member States in July 2013. The UNCTAD secretariat received the approval from the United Nations Controller for the operationalization of a general trust fund entitled "Trust fund for the support to the activities of UNCTAD" as of 1 September 2013.

40. The trust fund is ready to receive both earmarked and non-earmarked contributions that may be managed as sub-accounts or projects, in accordance with agreements with donors. The advantage of the general trust fund is that unlike a technical cooperation trust fund, contributions to the general trust fund can also support UNCTAD research and analysis, as well as the other two pillars of work, in line with the work programme. The flexible nature of the trust fund – while not detracting from a donor's prerogative to oversee

contributions – is an advantage in facilitating better responsiveness to needs and emerging issues. Development partners are invited to consider contributing to the trust fund to support the three pillars of UNCTAD work.

41. With regard to trust funds, the secretariat also took note at the sixtieth session of the Board, that some member States suggested that further consolidation of thematic trust funds should be pursued. To this end, the secretariat is pleased to report that in the last year, technical cooperation expenditures are increasingly from umbrella thematic trust funds, which has contributed to the further consolidation of thematic trust funds. For example, one umbrella trust fund consolidates four trust funds into a single fund. These umbrella trust funds have been established in the following areas of work: investment, information and communications technologies, trade facilitation, accession to the World Trade Organization, gender and support to civil society. The process of consolidation will continue in close consultation with member States and through consultations within the secretariat, according to each donor's instructions regarding the allocation and utilization of their voluntary contributions.

III. Building a stronger UNCTAD: Responsive, adaptable and impactful

42. The Secretary-General is committed to strengthening UNCTAD's role as the focal point in the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. Since taking up office in September 2013, the Secretary-General's mission has been to work to ensure that the UNCTAD secretariat is efficient, effective, accountable, focused and delivers with impact, in particular at the national level. In this regard, in addition to ensuring full implementation of the workplan for enhancing the management and administration of UNCTAD, several initiatives will be launched that complement the workplan and contribute towards delivering better results. These include initiatives to strengthen the results focus of the organization, initiatives to promote better internal accountability and to re-energize the organization, as well as initiatives to strengthen the resonance of UNCTAD's work, as detailed below.

A. Mainstreaming a focus on results

43 The Secretary-General of UNCTAD is committed to enhancing the way in which the secretariat mainstreams results-based management into the organization's work, as a means of promoting more effective delivery against UNCTAD's mandates. For instance, a forthcoming measure involves increased efforts by the secretariat to proactively collect more qualitative feedback from readers about the quality and use of its publications, in particular the flagship reports, which can be used by managers. Nonetheless, in the process of implementing the results-based management framework, several constraints have been identified. For instance, the need for dedicated capacity to coordinate and provide advice on results-based management matters. Results-based management-related issues are currently dealt with by staff from various areas in addition to other day-to-day work. Furthermore, there is a need for an oversight structure that would allow for the necessary coordination and senior management support required for such an initiative.

44. To address these constraints, measures are being put in place to create an UNCTAD-wide oversight structure to lead the implementation of the results-based management framework. The secretariat is in the process of identifying the resources to provide dedicated capacity to support this structure and to define the modalities for the participation of substantive divisions. This dedicated governance structure will function under the guidance of the senior management team and will be tasked with defining specific

deliverables and targets to be pursued. The inclusive participation of substantive divisions is fundamental to ensure the mainstreaming of results-based management into daily decision-making. Training of relevant staff members is at the planning stage and is expected to take place in October 2014. Further progress on UNCTAD's efforts to mainstream results-based management into how it conducts its work will be reported in September 2014.

B. Strengthening internal accountability

45. In support of the various internal reform initiatives that the Secretary-General has launched, and will launch, compacts for the heads of all divisions and services will be introduced. The compacts will set specific management objectives for a given year, with measurable deliverables and clear timelines, and include targets in the areas of interdivisional and inter-agency cooperation, responsible management of financial resources, human resources management and special objectives related to timely submission of documents, internal communications and staff development. It is anticipated that the compacts will serve to promote a collaborative approach towards the initiatives introduced to strengthen the organization and allow clear monitoring of progress made against objectives. The compact initiative is being piloted and will be launched in 2015.

C. Towards a more effective and efficient publications programme

46. UNCTAD is recognized as a think tank on the subject of trade and development and has been playing a significant role in providing ahead-of-the-curve perspectives on development challenges and opportunities. However, its role and influence in this regard can be strengthened. While the quality and relevance of its research work is undoubted, there is a need to improve the outreach and impact of UNCTAD research and publications. In addition to ensuring that UNCTAD research and analysis work provides better support to intergovernmental decision-making bodies, the Secretary-General is keen to ensure that UNCTAD has a more prominent voice and influence on regional, subregional and country-level policy formulation. To this end, and also in light of recent developments concerning the treatment of publications by the Publications Board and the Department for General Assembly and Conference Management of the United Nations Secretariat, as noted in paragraph 23 of the present report, the Secretary-General is reviewing the UNCTAD research and analysis pillar, and its resultant publications, to enhance the effectiveness and efficiency of this pillar.

47. In this context, an evaluation will be undertaken by the Office of Internal Oversight Services. The objective of the evaluation will be to determine, systematically and objectively, UNCTAD's relevance, effectiveness and efficiency from 2010 to 2014, with an emphasis on the role of its research and analysis pillar (including publications) in contributing to overall programme performance. It is anticipated that the evaluation will examine whether UNCTAD has achieved results through the research and analysis pillar, and what they are, and will also seek to foster discussion on what UNCTAD might do to improve in the areas covered. The evaluation should be completed by the first quarter of 2015.

D. Delivering better results at the national and regional levels

48. In support of enhancing the resonance of UNCTAD's work at the national and regional levels, the Secretary-General will be appointing an interregional adviser to be based in Addis Ababa. The adviser will, among other responsibilities, provide high-level technical expertise and advisory services to African countries and regional organizations,

take a leading role in translating research and analysis outputs into policy options and concrete advice, and respond promptly to requests from member States for advice on urgent policy-related problems and current development issues of importance for developing countries.

49. Having a physical presence on the ground and in the region will contribute towards ensuring that UNCTAD's work is readily accessible to its constituents in Africa, as well as allow more effective dissemination of its policy messages from its research publications. Subject to the results of this initiative and the availability of resources, interregional advisers could also be appointed for other countries/regions in the future.

E. Fostering closer engagement with UNCTAD stakeholders

50. The UNCTAD Secretary-General has also taken the initiative in proactively engaging in informal, open and personal exchanges with key constituents such as civil society and the private sector. One example is the Geneva Dialogue series. It is intended to harness the collective expertise in Geneva to better appreciate mutual interests and to sharpen the policy dialogue. Discussants include member States, United Nations and international sister organizations, the private sector, academia and civil society. The Geneva Dialogues are an ongoing initiative of the Secretary-General. Three sessions have been held, the first on 29 November 2013, the second on 4 April 2014 and the third on 18 June 2014. Additional Dialogues are forthcoming.

F. Providing more opportunities for staff development

51. In his discussions with staff, the Secretary-General has heard that many would welcome opportunities to work in other parts of UNCTAD in order to further develop their skills. To this end, an initiative will be launched in 2015 that encourages and facilitates voluntary staff movements within their divisions. The Secretary-General believes that this allows each participating staff member to be exposed to new opportunities to learn and to apply skills, which will serve to rejuvenate the secretariat. This programme of intradivisional mobility will be at no additional cost and can be expanded, subject to positive results from the initiative.

IV. Conclusion

52. At the twenty-eighth special session of the Trade and Development Board of UNCTAD in June 2014, the Secretary-General noted that as the world had changed over the past 50 years, so had the organization, and stated that UNCTAD was "committed to maintaining this spirit of adaptability and responsiveness". The secretariat thus remains dedicated to continually enhancing the way it conducts its work and is confident that its actions are contributing towards a stronger, more impactful UNCTAD. The secretariat looks forward to the continuing support of member States in working together to enhance the effective delivery of the organization's mandate.